EXHIBIT A

JUDGE LYNCH

07 CIV 8385

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SEP 27 2007
U.S.D.C. S.D. N.Y.
CASHIERS

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **- against-** **MORRIS GAD AND NATHAN ROSENBLATT,** **Defendants.**	**07 Civ. ( )** **COMPLAINT**

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against Defendants Morris Gad ("Gad") and Nathan Rosenblatt ("Rosenblatt") (collectively the "Defendants"), alleges as follows:

SUMMARY

1. The Commission charges Defendants with illegal insider trading in the securities of NBTY, Inc. ("NBTY"), a distributor of nutritional supplements. In July 2004, Rosenblatt, a director of NBTY and member of its audit committee, tipped his close friend Gad with inside information about the company's significant revenue and earnings shortfall for its third quarter of 2004.

2. NBTY's financial results for its third quarter, which Rosenblatt received on July 20, 2004, were scheduled to be released to the public after the close of the market on July 22,

2004. The results showed a 12% decline in net income from the previous year's third quarter, as well as a decline in earnings per share to $.37 from the previous year's third quarter earnings per share of $.43. This number was significantly lower than Wall Street's earnings per share estimate of $.50.

3. On July 21, 2004, Rosenblatt and Gad placed several telephone calls to each other. Within moments of the last telephone call, Gad called his broker and quickly placed a large bet that the price of NBTY stock would soon decline.

4. Specifically, during the two days prior to the company's public announcement of the financial results, Gad sold his entire position of 13,920 NBTY shares, sold short 40,000 NBTY shares, and purchased 200 NBTY put contracts. Gad also sold a total of 105 NBTY call contracts from the accounts of his three children. These transactions created a significant risk of substantial losses to Gad if the price of NBTY stock were to rise rather than decline.

5. On July 22, 2004, NBTY's stock price closed at $24.50 per share. As scheduled, NBTY announced its financial results for the 2004 third quarter after the market closed. The following day, July 23, 2004, the stock closed at $19.68 per share, down 20% from the prior day's closing.

6. By engaging in insider trading before the public disclosure of NBTY's disappointing financial results, Gad made trading profits and avoided losses of approximately $400,000.

7. Both Gad and Rosenblatt invoked their Fifth Amendment privilege against self incrimination and declined to testify during the Commission's investigation into this matter.

8. By the conduct alleged herein, including Rosenblatt's tipping and Gad's trading, the Defendants have engaged, directly or indirectly, in transactions, acts, practices, or courses of

business that constitute violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5, 17 C.F.R. § 240.10b-5. Absent permanent injunctions and other relief sought in this complaint, the Defendants will continue to engage in the transactions, acts, practices and courses of business set forth in this Complaint and in transactions, acts, practices and courses of business of similar type and object.

JURISDICTION AND VENUE

9. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act, 15 U.S.C. § 77t(b), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), for permanent injunctive relief against the Defendants, from engaging in the transactions, acts, practices, and courses of business alleged in this Complaint, and for civil penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

10. The Commission also brings this action pursuant to Section 21A of the Exchange Act, 15 U.S.C. § 78u-1, for civil penalties against the Defendants under the Insider Trading and Securities Fraud Enforcement Act of 1988.

11. In addition, pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), the Commission seeks an order barring Rosenblatt from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 781, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d). Pursuant to Section 21(d)(5) of the Exchange Act, 15 U.S.C. § 78(u)(d)(5), the Commission further seeks such other relief as the Court may deem appropriate or necessary.

12. The Defendants, directly and indirectly, singly or in concert, made use of the means or instruments of transportation or communication in, or the means or instrumentalities of, interstate commerce, or of the mails, or of a facility of a national securities exchange, in connection with the transactions, acts, practices, and courses of business alleged herein.

13. Certain of the alleged transactions, acts, practices, and courses of business occurred in the Southern District of New York, including, but not limited to, the execution of certain of the NBTY trades on the New York Stock Exchange ("NYSE").

14. Moreover, as detailed below, Rosenblatt's tipping of material, nonpublic information to Gad occurred during telephone conversations between them, as well as during a social evening over dinner, in Manhattan.

15. Accordingly, this Court has jurisdiction over this action, and venue is proper in this district, pursuant to Sections 20(b) and 22(a) of the Securities Act, 15 U.S.C. §§ 77(b), 77v(a), and Sections 21(d), 21(a), and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u-1(a), 78aa.

DEFENDANTS

16. Gad is 45 years old and resides in Great Neck, New York. He is an officer and principal shareholder of Almod Diamonds, Ltd., a family-owned jewelry retailer that operates stores throughout the Caribbean and has its headquarters in Manhattan. Gad and Rosenblatt have been good friends for many years. They live close to each other, speak to and see each other frequently, and vacation together with their families.

17. Rosenblatt is 50 years old and resides in Great Neck, New York. Rosenblatt was at all relevant times a director of NBTY and a member of its three-person audit committee. He is the president and chief executive officer of Ashland Maintenance Corp., a commercial maintenance organization located in Long Island City, New York.

RELEVANT ENTITY

18. NBTY is a Delaware corporation headquartered in Bohemia, New York. It develops, markets and distributes nutritional supplements worldwide under several brand names, including Nature's World and Rexall. NBTY's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act, 15 U.S.C. § 78l(b), and are traded on the NYSE. NBTY's options are traded on the Philadelphia Stock Exchange.

FACTS

NBTY'S 2004 THIRD QUARTER ANNOUNCEMENT OF FINANCIAL RESULTS

19. NBTY's third quarter closed on June 30, 2004. Between July 1 and July 14, 2004, NBTY staff began gathering information and preparing preliminary earnings and financial statements for NBTY's third quarter.

20. On July 20, 2004, at 3:17 p.m., NBTY's chief financial officer ("CFO"), faxed the members of the audit committee, including Rosenblatt, a reminder that a telephonic meeting of the audit committee would take place on July 21 at 11:00 a.m. The CFO attached for the audit committee's review the actual financial results for NBTY's 2004 third quarter.

21. On July 20, 2004, at 6:04 p.m., the CFO faxed a draft press release concerning the 2004 third quarter financial results to the members of the audit committee, including Rosenblatt, for their approval.

22. The financial results showed a 12% decline in NBTY's net income, from \$29.5 million in the previous year's third quarter to \$25.9 million, as well as a slump in its U.S. retail and catalogue sales. They also showed earnings per share of \$.37, down from \$.43 in the previous year's third quarter. Though sales in the wholesale division increased by 83% from the

previous year's third quarter, profits for the division actually decreased by 5%. NBTY's revenues were below analysts already lowered expectations.

23. On July 21, 2004, the audit committee members met at 11:00 a.m. for an hour and approved the financial results and the press release.

24. On July 22, 2004, the company announced its third quarter results after the close of trading.

25. The following day, on July 23, 2004, the price of the stock dropped to a new 52-week low, to close at $19.68 per share, down 20% from the prior day's close of $24.50 per share. Trading volume that day jumped to over 8.5 million shares from the previous day's volume of under one million shares.

THE ILLEGAL CONDUCT

Rosenblatt Tipped Gad About NBTY's Third Quarter Financial Results

26. As part of NBTY's corporate policy, officers and directors who are aware of material, nonpublic information relating to the company are prohibited from trading NBTY securities or disclosing such information to outsiders.

27. Rosenblatt had certified that he was aware of the company's insider trading policy and that he had complied and would continue to comply with it.

28. Gad knew that Rosenblatt was a director of NBTY, and he knew or recklessly disregarded that Rosenblatt owed a duty to keep confidential material, nonpublic information about the company.

29. As noted above, by no later than the afternoon of July 20, 2004, Rosenblatt possessed the actual financial results for the third quarter of 2004, which reflected the lower sales figures for two of the four divisions and the earnings decline. He also had a copy of the press release that the company intended to issue.

30. The following morning, July 21, 2004, at 8:57 a.m., prior to that day's scheduled audit committee meeting, Gad called Rosenblatt. Within the next hour, Rosenblatt placed three calls to Gad, the last of which was at 9:59 a.m. and lasted 3 minutes.

31. At 11:00 a.m. on July 21, 2004, the audit committee had a one-hour telephonic conference, during which it approved the issuance of the financial results in the form of the press release previously circulated. At 11:29 a.m. and again at 12:50 p.m., Gad placed calls to Rosenblatt. Two minutes after the second call, at 12:52 p.m., Gad called his broker.

32. During these communications between Gad and Rosenblatt, and possibly other communications, Rosenblatt intentionally or recklessly, for his own direct or indirect benefit, and in breach of his fiduciary duty to NBTY, conveyed, in words or in substance, the material, nonpublic information about NBTY's 2004 third quarter financial results to his close friend Gad. Some or all of these communications took place while Gad was at his offices in Manhattan.

Gad Sold His Entire Position of NBTY Stock, Sold NBTY Stock Short, Purchased NBTY Put Contracts, and Sold NBTY Call Contracts From His Children's Custodial Accounts.

33. On July 21, 2004, beginning at 12:59 p.m., Gad sold his entire position of 13,920 NBTY shares at prices between $24.86 and $25 per share. Thereafter, beginning at 2:20 p.m., Gad sold short 30,000 NBTY shares at prices between $24.75 and $24.86 per share. At 2:32 p.m. he purchased 50 August 30 put contracts at $5.40 per contract.

34. Gad also directed the sales of 35 August 20 call contracts out of each of the accounts of his three children at $4.50 per contract on that day.

35. Later that evening, Gad and Rosenblatt spent the evening together at a small dinner party to celebrate the birthday of a mutual friend.

36. The next morning, July 22, 2004, at 10:47 a.m., Gad attempted to sell short an additional 20,000 shares of NBTY stock at $24.20 per share. Although he was unable to sell

short that number of shares at the order price of $24.20, he was able to sell short 10,000 shares at prices between $24.34 and $24.53. This gave Gad a total short position in NBTY stock of 40,000 shares.

37. On July 22, 2004, Gad also bought an additional 150 August 30 put contracts at $5.92 per contract, which gave him a total position of 200 put contracts.

38. As noted above, NBTY's third quarter announcement of financial results was made after the close of the market on July 22, 2004.

39. The following day, July 23, 2004, NBTY stock closed at $19.68 per share, down from the prior day's close of $24.50 per share, losing nearly 20% of its value. Gad's August 30 put contracts increased in value to $10.15 per contract, and his August 20 call contracts, which Gad had sold out of his children's accounts, decreased in value to $1.05 per contract. That same day, Gad closed out his 40,000 share short position, sold all his puts, and repurchased call options in his children's accounts to cover their option sales.

By Trading Prior to NBTY's 2004 Third Quarter Announcement of Financial Results, Gad Made Approximately $400,000 in Trading Profits and Losses Avoided.

40. Gad made approximately $400,000 in trading profits and losses avoided by trading in NBTY securities while he was aware of material, nonpublic information concerning NBTY's financial results.

41. By selling his entire position of 13,920 shares prior to NBTY's announcement, Gad avoided losses of approximately $73,000 that he would have sustained had he sold after NBTY's public announcement of its 2004 third quarter financial results.

42. By selling short 40,000 shares prior to NBTY's announcement, Gad made a profit of a little over $200,000 after he closed out his position.

43. By purchasing 200 put contracts prior to NBTY's announcement, Gad made a profit of approximately $87,000 after he sold his position.

44. By selling a total of 105 call contracts out of his three children's accounts prior to NBTY's announcement, Gad made a total profit of over $38,000 in his children's accounts after he repurchased the calls.

CLAIM FOR RELIEF

The Defendants Violated Section 17(a) of the Securities Act,
Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5,
When Rosenblatt Illegally Tipped Gad, Who Then Traded NBTY Securities

45. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 44 above.

46. The Defendants, directly or indirectly, singly or in concert, by the use of the means or instruments of transportation or communication in, or the means or instrumentalities of, interstate commerce, or by use of the mails, or of a facility of a national securities exchange, in the offer or sale, and in connection with the purchase or sale, of NBTY securities: (a) employed devices, schemes, or artifices to defraud; (b) obtained money or property by means of, or otherwise made, untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, acts, practices and courses of business which operated or would have operated as a fraud or deceit upon purchasers of NBTY securities and upon other persons, as more fully described above.

47. By reason of the activities described herein, the Defendants, singly or in concert, directly or indirectly, violated, and absent an injunction would again violate, Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5.

RELIEF SOUGHT

WHEREFORE, Plaintiff respectfully requests a Final Judgment:

A. Permanently enjoining the Defendants, their officers, agents, servants, employees, and attorneys, and all persons in active concert or participation with them, who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5, 17 C.F.R. § 240.10b-5;

B. Ordering them jointly and severally to disgorge Gad's trading profits and losses avoided from all of the trading in NBTY securities as set forth herein, and to pay prejudgment interest thereon;

C. Ordering them to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Sections 21(d) and 21A of the Exchange Act, 15 U.S.C. §§ 78u(d)(3), 78u-1;

D. Ordering that Rosenblatt be barred from acting as an officer or director of a public company pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2); and

E. Granting such other relief as the Court shall deem just and proper.

Dated: New York, New York
September 27, 2007

Respectfully submitted,

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EXHIBIT B

1 of 1 DOCUMENT

The Nightly Business Report

SHOW: NIGHTLY BUSINESS REPORT (NBR 6:30 pm ET)

July 23, 2004 Friday

Transcript # 072300cb.118

SECTION: BUSINESS

LENGTH: 4092 words

HEADLINE: Nightly Business Report

GUESTS: Derwood Chase

BYLINE: Paul Kangas, Linda O'Bryon, Scott Gurvey, Stephanie Woods, Lucy Craft

BODY:

PAUL KANGAS, NIGHTLY BUSINESS REPORT ANCHOR: A summer of discontent continues on Wall Street as the Dow closes below the 10,000 mark for the first time in two months. And the NASDAQ isn't doing much better. It closed at its lowest point for the year today as investors worry about earnings and the economy.

LINDA O'BRYON, NIGHTLY BUSINESS REPORT ANCHOR: Tonight's market monitor guest says he sees few compelling values in stocks these days, so he's adopting a "wait and see" strategy. We talk with Derwood Chase, president and chief investment officer of Chase Investment Counsel Corporation.

KANGAS: Looking for a member of Congress? Don't bother looking here. House and Senate members are in a six-week recess, but they may get some critical work done anyway.

O'BRYON: Then, it's called the "Rolls Royce" of bedrooms: plush, sound controlled, temperature controlled and designed for perfect sleep. But its $30,000 price tag might keep you awake at night.

KANGAS: I'm Paul Kangas.

O'BRYON: And I'm Linda O'Bryon. Susie Gharib is off tonight. This is NIGHTLY BUSINESS REPORT for Friday, July 23.

Good evening everyone. A gloomy day on Wall Street, as disappointing earnings from several key companies pushed stocks lower. The Dow slid 88 points to its lowest level in two months. The NASDAQ lost almost 40 to close at its lowest level this year. So, with the market on an extended slide, what's the outlook for stocks? Scott Gurvey reports.

SCOTT GURVEY, NIGHTLY BUSINESS REPORT ANCHOR: This has been a mixed week for earnings and that is getting the blame for a bad week for the stock market. Today it was Microsoft, Amazon and Coca-Cola -- bellwether companies which did not so much disappoint in reporting on the quarter just ended, as they disappointed by reducing guidance for the quarters ahead.

THOMAS MCMANUS, CHIEF INVESTMENT STRATEGIST, BANC OF AMERICA SECURITIES: Investors were expecting more. They were also expecting the companies to guide higher. But also, the problem is the earnings gains are almost, by definition, backward looking, and yet the stocks are forward looking. So, the right thing to do, I think, when someone says earnings are up 20 percent is, you look back a year and say, "are stocks up 20 percent?" Well, stocks are still up more than 20 percent, so that 20 percent gain in profits is already built into the stock market.

GURVEY: Looking forward, the third quarter progression of earnings estimates has stalled and begun to decline in the last few weeks, as companies have adjusted their forecasts for the second half and investors face a wide range of uncertainties beyond corporate profits. They include higher interest rates, the continuing wars overseas and the threats at home, high energy prices led by oil-- which seems stuck above $40 a barrel- - and political uncertainty with the presidential election by most accounts too close to call.

ABBY JOSEPH COHEN, CHMN, INVESTMENT POLICY CMTE., GOLDMAN SACHS: To move the markets higher, I think we need passage of time, as investors become comfortable that we're not moving into recession. Number two, to get past the election, to get past the fears of terrorism, and number three, to get the sense that this economy is moving forward, not as quickly as it was but moving forward at a pace that will be sustainable for a long period of time.

GURVEY: Waiting for the uncertainties to be resolved is certain to cut into the profits of those who make their living off trading volume. But for individual investors, the experts say, staying on the sidelines may be the most prudent strategy, at least for the near term. Scott Gurvey, NIGHTLY BUSINESS REPORT, New York.

KANGAS: Wall Street opened sharply lower on those earnings concerns. A $5 plunge in Coca Cola stock also helped undermine the blue chips after Coke said international competition is increasing. The Dow fell 80 points early on while the NASDAQ tumbled 30 points. Pessimism about the second half earnings kept the markets lower with the Dow off triple digits in mid- afternoon. But stocks recovered a bit late in the day. So the Dow Industrial Average came in with a closing loss of 88.11 at 9962.22. This week, the Dow rose twice, fell three times, had an overall 177.5 point, or 1.8 percent loss.

The NASDAQ Composite fell nearly 40 points to 1849.09 today. It fell twice and rose three times this week, dropping 34 points or 1.8 percent overall. Standard & Poor's 500 index down 10 2/3 points, ending at 1086.20 today.

In the bond market, the 10-year note closed up 2/32 at 99 26/32, putting the yield at 4.43 percent.

O'BRYON: The star witness in the case against Martha Stewart was sentenced in Federal court in New York today. Doug Faneuil was fined $2,000 but was spared jail or probation. Faneuil is the broker's assistant who testified his boss ordered him to tip Stewart about a stock trade. The judge handed down a light sentence because Faneuil cooperated with the government during Stewart's trial. Last week, Stewart was sentenced to five months in prison for lying about that stock sale.

KANGAS: Congress is taking a six-week break as the national political conventions kick off. The Democrats are up first in Boston beginning Monday. The House and Senate go back into session in September. But as Stephanie Woods reports, some critical work is getting done in the meantime to shore up national security.

STEPHANIE WOODS, NIGHTLY BUSINESS REPORT CORRESPONDENT: In a rare display of unity, Senate lawmakers agreed to hold hearings during the August recess to study key recommendations of the September 11 commission. Just yesterday, the commission warned the nation has to overhaul its intelligence agencies or will remain vulnerable to more terrorists attacks.

SEN. JOSEPH LIEBERMAN, (D) CONNECTICUT: We simply can't approach or respond to the commission report with business as usual. I mean, we've got to go at this with a real sense of urgency.

WOODS: But House Majority Leader Dennis Hastert is doubtful there will be time to consider a sweeping overhaul of intelligence agencies. Passing any legislation has been especially difficult this year. Business groups had high hopes the Republican Congress would pass legal reform, transportation and energy bills and more tax breaks. But so far, those proposals haven't mustered enough support. But with a little time still left, the lobbyists haven't given up.

WILLIAM MORLEY, VP, CONGRESSIONAL AFFAIRS, U.S. CHAMBER OF COMMERCE: Today, we're looking at an economy that's starting to get back on its feet and we need to do everything we can to make small businesses and all American businesses more competitive so that we can keep jobs in the United States.

WOODS: Lawmakers did pass a $416 billion defense spending bill, including $25 billion in emergency funding for operations in Iraq and Afghanistan. But with that done, analysts expect Congress to accomplish little else, passing one large spending bill to fund the government and perhaps an extension of tax cuts for parents and married couples due to expire at the end of the year.

GREG VALLIERE, CHIEF POLITCAL STRATEGIST, SCHWAB SOUNDVIEW CAPITAL MARKETS: It's all about the spin, who gets to spin their story in their own way ahead of the election. This, obviously, is going to be an exceptionally close election, so everybody's playing every angle to maximize their political impact.

WOODS: It may be next year before legislative gridlock eases. The outcome of the election will help determine the nation's top priorities. After all, that's what elections are for. Stephanie Woods, NIGHTLY BUSINESS REPORT, Washington.

O'BRYON: Microsoft is looking for thousands of new employees. The world's largest software company said today it will hire as many as 7,000 people worldwide to expand and to fill vacant jobs. 3,000 of those will be added at the company's headquarters in Redmond, Washington. Microsoft has about 28,000 workers in that region now. Some of the jobs are also expected to go to India, where Microsoft has a growing presence. The company is building facilities there and is hiring there to keep technical support and development costs down, Paul.

KANGAS: Speaking of down, Linda, that's where Microsoft stock headed today as we'll see and as we take a look at our stocks in the news tonight.

The most active big board issue was Coca-Cola (KO) on 20.4 million shares. Stock traded as low as $44.50 and that closing loss of $3.80 hurt the Dow by 23 points. After the close yesterday, the company had better than expected earnings but today said international competition is increasing. Deutsche Bank Securities downgraded Coke from "buy" to "hold" and cut its 12-month target from $60 down to $53.

Boston Scientific (BSX) a little rebound after sharp weakness earlier in the week when the company had a stent recall.

SBC Communications (SBC) moved up $0.64. UBS Securities upgraded it from "neutral" to "buy."

Taiwan Semiconductor (TSM) losing $0.49. Pacific (INAUDIBLE)downgraded it from "out perform" to just "sector perform."

GE (GE), fifth in volume, was down $0.36.

CITIGROUP (C) a $0.29 loss.

International Game Technology (IGT) down $0.68. Merrill Lynch today downgraded it from "buy" to "sell."

AT&T Wireless (AWE), a $0.07 loss.

Texas Instruments (TXN) dropped $0.46.

And tenth in big board volume was Pfizer (PFE) down $0.21 a share.

Verizon Communications (VZ) moved up $0.71. UBS Securities upgraded it from "neutral" to a "buy."

Xerox Corp. (XRX) a $0.49 gain, high of the day was 14, good second quarter earnings, $0.21 up from $0.09 last year and that was $0.04 above the Wall Street estimate.

Cummins (CM) the diesel engine maker, up $2.89. Second quarter earnings $1.76 versus only $0.34 last year and $0.42 better than Wall Street was expecting and on top of that, the company increased this year's overall earnings guidance.

Champion Enterprises (CHB) which makes manufactured homes, up $1.88. Second quarter earnings $0.30 versus only $0.04 a year ago and that was $0.05 above the Wall Street consensus.

Trex Company (TWP), which makes decking products, up $3.95. Second quarter earnings sharply higher, $0.75 versus last year's $0.44 a share.

Weyerhaeuser (WY), the big lumber firm, up $1.32. Second quarter earnings sharply higher, $1.57 versus only $0.71 last year.

And NBTY (NTY), I think that's the acronym for Nature's Bounty, down $4.82. Third quarter earnings were lower $0.37 versus $.043 a year ago and $0.11 under the Wall Street consensus.

Ferro Corporation (FOE) lost $4 a share. Company sees second quarter earnings of only $.10 to $0.12. The Street estimate was $0.35. The company cited slow polymer business and also an accounting issue which hurt those earnings.

Maytag Corp. (MYG) down $2.07, a loss of $0.52 in the second quarter versus earnings last year. That was due to restructuring costs and a strike hurting the bottom line. Company sees 2004 earnings of $0.20 to $0.30. The Wall Street estimate way up there at $2 a share.

Robert Half International (RH), the staffing company, up $2.34. Second quarter earnings of $0.18 versus just break even last year. Revenues jumped 33 percent. JPMorgan upgraded it from "under weight" to "neutral."

Volume leader, Microsoft (MSFT) on NASDAQ, moving down another $0.97.

Intel (INTC), $0.60 loss.

Amazon.com (AMZN) off $5.84. Pacific Quest (ph) Securities downgraded it from "sector perform" to "under perform."

Cisco Systems (CSCO) a $0.46 loss.

eBay (EBAY) down $2.38, fifth in dollar volume on NASDAQ.

Qualcomm (QCOM) fell $1.60.

Electronic Arts (ERTS) down $2.82. First quarter earnings came in at $0.08 a share versus $0.06 last year and $0.03 better than the Street estimate, but Deutsche Bank Securities downgraded it from "buy" to "hold" and JPMorgan from "over weight" down to a "neutral" rating.

Broadcom (BRCM) down $2.22. Pacific Quest (ph) Securities downgraded this stock from "out perform" to just "sector perform."

Amgen (AMGN) down $0.74.

And Yahoo! (YHOO) fell $1.07, tenth in volume.

And then a new issue today, Bucyrus International (BUCY). This is the manufacturer of surface mining equipment, 10 3/4 million shares offered at price of 18. Stock opened at $20.15, the high on the day, $23.01.

Those are the stocks in the news tonight, Linda.

O'BRYON: Well maybe it's markets like today, but the Japanese aren't sleeping as well as they used to. Researchers in the island nation say fears of downsizing, the popularity of late-night Internet surfing and the spread of 24-hour convenience stores are causing the problem. But the insomnia blight is proving to be a windfall for some consumer industries. Lucy Craft went sleepless in Tokyo to file this report.

LUCY CRAFT, NIGHTLY BUSINESS REPORT CORRESPONDENT: Your dreams made-to- order like a suit or a sub sandwich? That's the pitch for the Takara Toy Company's latest gadget, the "dream workshop." Triggering a dream starts with some mood-setting background music, some evocative words and a picture of the desired nocturnal destination. In beta testing, the firm says users bagged the dream of their, well, dreams, at a rate four times higher than normal.

KENNEDY GITCHEL, PR & STRATEGIC BUSINESS DEV., TAKARA CO.: The results have been good. We don't claim that this device will help people have the exact dream that they want to have. We feel, at this point, that's impossible, but our own results internally have shown strong promise using prototypes.

CRAFT: Even toymakers are trying to cash in on Japan's latest obsession -- getting a good night's sleep. From sleep inducing pajamas to herbal teas to new age music, to high tech pillows, Japanese manufacturers are furiously trying to capture a chunk of the estimated $10 billion sleep goods market.

TRANSLATION OF SAORI IWAI, PUBLIC RELATIONS REP., GOOD SLEEP STUDIO: Unlike Americans, Japanese tend to avoid taking drugs for their sleep problems, except in the most dire cases. Japanese prefer to try to adjust their behavior instead, such as by changing pillows or eating sleep-inducing foods.

CRAFT: At pillow boutiques, customers have their heads examined first for cushions calibrated down to the centimeter for optimal horizontal head position. The choice of stuffings includes camelhair, buckwheat hulls and NASA-designed polyurethane foam. The discerning sleeper may head for this Tokyo showroom. For $30,000, customers can buy what's billed as the optimal sleep chamber. Sound-absorbent upholstery, climate-controlled temperature and humidity, soothing vistas and sound effects are supposed to guarantee maximum relaxation. The cradle-like bed massages the sleeper into drowsiness and gingerly caresses her awake in the morning.

TRANSLATION OF TAKAHIRO HEIUCHI, MATSUSHITA ELECTRIC WORKS: The biggest problem Japanese have is that they are lousy at relaxation. If they're agitated or tired from work, they remain that way at bedtime. Then they end up tossing and turning at night. So by offering them a way to relax, we create a business opportunity.

CRAFT: The Rolls Royce of bedrooms is scheduled to go on sale initially only in Japan starting next year, but the company is eyeing how to fine tune its product for the insomniac market of the U.S. Instead of chirping crickets and gentle sunlight however, the company is considering adding a rousing massage to shake Americans awake in the morning. Lucy Craft, NIGHTLY BUSINESS REPORT, Tokyo.

KANGAS: Monday, a look at John Kerry the candidate, and the issues.

O'BRYON: The skies aren't so friendly for United Airlines employees. Today, the airline told a bankruptcy court it will withhold half a billion dollars in pension payments. That means no pension contributions for the rest of the year. The move is part of United's new bankruptcy financing package. The carrier's flight attendants say the decision is devastating to pension security and the airline's future.

KANGAS: The United States wants to change the European Union's trade agreement with Airbus. Today, U.S. trade officials said it's time to stop the aerospace giant from getting EU money. Under a new proposal, Airbus could receive support already in place, but not any future government assistance. Rival plane maker Boeing says Airbus gets too much support from the European Union.

O'BRYON: And here's a look at what's happening next week. Our Friday market monitor is Donald Straszheim, president of Straszheim Global Advisors. On the economic calendar, a bunch of numbers from June: Monday, existing home sales; Tuesday, it's new home sales; Wednesday, durable goods orders. And as for earnings: American Express, Humana, International Paper, Kellogg and Tyson Foods are all scheduled to report.

KANGAS: My guest market monitor this week is Derwood Chase, president of Chase Investment Counsel, a money management firm based in Charlottesville, Virginia. Welcome back to NIGHTLY BUSINESS REPORT. Great to see you Derwood.

DERWOOD CHASE, PRESIDENT, CHASE INVESTMENT COUNSEL: Thank you Paul

KANGAS: The stock market just completed I believe it's its 6th straight week on the down side. This is despite a news background which really hasn't been all that bad. What's causing investors to sell?

CHASE: Well, Paul, as you know, the markets are always discounting the future and I think investors are worried that earnings growth is going to slow down as we go forward from here. The average individual is pretty heavily indebted, and we're not going to have the benefit in the current quarter and as we go forward of the refis that helped so much last year, the tax rebates, the tax reduction. Now we're comparing against quarters that had the benefit of that earlier.

KANGAS: And we're getting higher interest rates too, slowly but surely.

CHASE: That's a considerable worry there and I think the market is discounting the possibility that we get a change in the administration which would be negative. As you know, the markets have been stronger in years where the incumbent party regardless of which party, has been reelected. The markets don't like uncertainty and particularly in this instance it would be a significant negative.

KANGAS: How do you see the high cost of oil impacting the market? Is it that much a negative?

CHASE: It's a negative. It's not anywhere near as serious as it was earlier if you put all energy together but it's certainly a drag particularly with consumers so heavily indebted.

KANGAS: The last time you were with us in late October, the Dow was around 9800. It's now back below 10,000 after a little run up. But there were four stocks you recommended. Let's see how they fared. International Game Technology, just today got a downgrade from a major brokerage and it was off considerably. It's down 8.2 percent since the end of October. But Electronic Arts is still up 7 (ph) percent and ironically, it too today got a brokerage downgrade or that would have been considerably higher. And then the other two that you recommended back in October, let's have a look at those. Staples has done nicely higher, 6.3 percent and Teva Pharmaceuticals up 7.7. That's not bad, three out of four on the upside. Congratulations.

CHASE: Thank you.

KANGAS: And I understand your two funds fared all right as well since then?

CHASE: Yes. Our funds are up about 7 percent, both our large cap growth fund and our mid cap growth fund since we last met.

KANGAS: Do you still own these four stocks that you recommended?

CHASE: We eliminated Electronic Arts. It broke down technically. We sold IGT at 8 percent above where we talked about it and 22 percent in two different traunches (ph). We still own about a third of that.

KANGAS: OK, now you own them personally or through your fund?

CHASE: Through our funds I own everything.

KANGAS: OK. All right. Is there any compelling values out there or stocks you would buy? You don't sound very bullish overall.

CHASE: No we're pretty cautious. Paul, we'd like to see some give up in the market, some real fear. Investors are just too complacent. Investment advisors have been too bullish in our view and there are lots of things to be worried about.

We're in the seasonally slower period of the year so from that standpoint if we got a really good selling climax we would be a little bit more optimistic.

KANGAS: We have less than a minute to review any stocks you would buy at this levels. How about it?

CHASE: Well, and I own all of them through our funds.

KANGAS: Avon

CHASE: Avon we think is a leader and a good combination of growth but with defensive qualities. Burlington Resources very bullish on natural gas prices.

KANGAS: They've had considerable run ups, strong charts but you like that I guess.

CHASE: Yes and the Street is way too low in my judgment on natural gas prices for next year, so we think Burlington, which is very heavy in natural gas would be good.

KANGAS: How about some more (ph)?

CHASE: Finally Harley Davidson has had good consistent growth for years and years and we think that's going to continue.

KANGAS: Do you own all three of these stocks?

CHASE: Through the fund.

KANGAS: Through the fund, but not personally individually?

CHASE: I may own -- I own Burlington personally.

KANGAS: OK. All right. Very interesting choices and we'll keep a close eye on them. Thanks very much for being with us again Derwood.

CHASE: My pleasure.

KANGAS: My guest market monitor Derwood Chase, president of Chase Investment Counsel.

O'BRYON: Recapping today's market action, another day in the red for the major indices. The Dow falling 88 points and the NASDAQ losing almost 40. Please be sure to join us at our worldwide web site, nbr.com.

Tonight's commentator says it's time to get serious about doing something about the deficit. Here's Charles Schultze, senior fellow at the Brookings Institution.

CHARLES SCHULTZE, SENIOR FELLOW EMERITUS, BROOKINGS INSTITUTION: For 20 years, the private saving rate in the United States has been shrinking and the Federal government is now borrowing a significant amount of that saving. To provide the real and financial resources to support a satisfactory level of private investment in this country, we have had to run large and growing trade deficits and secure funds from abroad.

A major upswing in private savings isn't likely and neither presidential candidate is giving priority to deficit reduction. And so we will have to continue relying on a large inflow of foreign funds to help finance our domestic investment. But to pay the interest and equity return on those foreign funds, part of the income produced by that investment will be channeled to foreign investors rather than Americans.

Moreover, while America is an attractive place for suppliers of foreign funds, continuing to run large trade deficits might well threaten a long- term fall in the value of the dollar and lower the potential return to foreigners on dollar as-

sets. Higher interest rates would then be needed to keep dollar assets attractive, and even more importantly, to prevent the falling dollar from producing inflationary pressures. But the higher interest costs would depress investment by American business in productive assets and reduce the growth of American living standards. Let's hope the president we elect will forget campaign promises and start cutting the Federal deficit. I'm Charles Schultze.

O'BRYON: And that's NIGHTLY BUSINESS REPORT for Friday, July 23. I'm Linda O'Bryon. Have a good weekend, everyone and the same to you, Paul.

KANGAS: And you as well, Linda. I'm Paul Kangas wishing all of you the best of good buys.

LOAD-DATE: July 23, 2004

EXHIBIT C

NBTY Inc. (ticker: NTY, exchange: New York Stock Exchange (.N)) News Release - 17-Jun-2004

NBTY Announces Lower April and May Sales for Direct Response and Vitamin World Operations

BOHEMIA, N.Y., June 17 /PRNewswire-FirstCall/ -- NBTY, Inc. (NYSE: NTY) (http://www.NBTY.com), a leading manufacturer and marketer of nutritional supplements, today announced lower sales for its Direct Response and Vitamin World operations for the two-month period ending May 31, 2004.

Sales from Puritan's Pride direct response/e-commerce operations for the two-month period ending May 31, 2004 decreased 12% to $38 million from $43 million for the comparable two-month period a year ago.

For the two-month period from April 1, 2004 through May 31, 2004, Vitamin World retail sales decreased 1% from the comparable two-month period a year ago.

Sales results by segment for the two-month period ending May 31, 2004 and May 31, 2003 (May 31, 2003 are prior to the acquisition of Rexall) are as follows:

SALES
(Unaudited)
(Dollar Amounts In Millions)

	2004	2003	%Increase/ (Decrease)
Wholesale/ US Nutrition	$ 116	$60	94%
Direct Response / Puritan's Pride	$38	$43	(12%)
US Retail / Vitamin World	$36	$36	(1%)
European Retail / Holland & Barrett / GNC UK	$81	$63	29%
Total	$ 271	$ 202	34%

NBTY Chairman and CEO, Scott Rudolph, said: "We are disappointed in the decline in sales results in two of our operations and expect this slowdown to continue at least through the end of June. While this slowdown in sales will effect our overall results for the fiscal third quarter of 2004, we remain optimistic for the long-term."

ABOUT NBTY

NBTY is a leading vertically integrated manufacturer and distributor of a broad line of high-quality, value-priced nutritional supplements in the United States and throughout the world. The Company markets approximately 1,500 products under several brands, including Nature's Bounty (R), Vitamin World(R), Puritan's Pride(R), Holland & Barrett(R), Rexall(R), Sundown(R), MET-Rx(R), WORLDWIDE Sport Nutrition(R), American Health(R), GNC (UK)(R) and DeTuinen (R).

This release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to our financial condition, results of operations and business. All of these forward-looking statements, which can be identified by the use of terminology such as "subject to," "believe," "expects," "may," "will," "should," "can," or "anticipates," or the negative thereof, or variations thereon, or comparable terminology, or by discussions of strategy which, although believed to be reasonable, are inherently uncertain. Factors which may materially affect such forward-looking statements include: (i) slow or negative growth in the nutritional supplement industry; (ii) interruption of business or negative impact on sales and earnings due to acts of war, terrorism, bio-terrorism, civil unrest or disruption of mail service; (iii) adverse publicity regarding nutritional supplements; (iv) inability to retain customers of companies (or mailing lists) recently acquired; (v) increased competition; (vi) increased costs; (vii) loss or retirement of key members of management; (viii) increases in the cost of borrowings and unavailability of additional debt or equity capital; (ix) unavailability of, or inability to consummate, advantageous acquisitions in the future, including those that may be subject to bankruptcy approval or the inability of NBTY to integrate acquisitions into the mainstream of its business; (x) changes in general worldwide economic and political conditions in the markets in which NBTY may compete from time to time; (xi) the inability of NBTY to gain and/or hold market share of its wholesale and/or retail customers anywhere in the world; (xii) unavailability of electricity in certain geographical areas; (xiii) the inability of NBTY to obtain and/or renew insurance; (xiv) exposure to and expense of defending and resolving, product liability claims and other litigation; (xv) the ability of NBTY to successfully implement its business strategy; (xvi) the inability of NBTY to manage its retail, wholesale, manufacturing and other operations efficiently; (xvii) consumer acceptance of NBTY's products; (xviii) the inability of NBTY to renew leases on its retail locations; (xix) inability of NBTY's retail stores to attain or maintain profitability; (xx) the absence of clinical trials for many of NBTY's products; (xxi) sales and earnings volatility and/or trends; (xxii) the efficacy of NBTY's Internet and on-line sales and marketing; (xxiii) fluctuations in foreign currencies, including the British Pound; (xxiv) import-export controls on sales to foreign countries; (xxv) the inability of NBTY to secure favorable new sites for, and delays in opening, new retail locations; (xxvi) introduction of new federal, state, local or foreign legislation or regulation or adverse determinations by regulators anywhere in the world (including the banning of products) and more particularly the Food Supplements Directive and the Traditional Herbal Medicinal Products Directive in Europe; (xxvii) the mix of NBTY's products and the profit margins thereon; (xxviii) the availability and pricing of raw materials; (xxix) risk factors discussed in NBTY's filings with the U.S. Securities and Exchange Commission; (xxx) adverse effects on NBTY as a result increased gasoline prices and potentially reduced traffic flow to NBTY's retail locations; and (xxxi) other factors beyond NBTY's control.

Readers are cautioned not to place undue reliance on forward-looking statements. NBTY cannot guarantee future results, trends, events, levels of activity, performance or achievements. NBTY does not undertake and specifically declines any obligation to update, republish or revise forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrences of unanticipated events.

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EXHIBIT D

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17 of 26 DOCUMENTS

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HEADLINE: **NBTY** Inc. Operations Update Conference Call - Final

BODY:

OPERATOR: Good afternoon, ladies and gentlemen, and welcome to the **NBTY** operations review conference call. (OPERATOR INSTRUCTIONS) It is now my pleasure to turn the floor over to your host, Mr. Carl Hymans.

CARL HYMANS, G.S. SCHWARTZ & CO.: Thank you. Good afternoon everyone. With us on today's call will be Mr. Scott Rudolph, Chairman and Chief Executive Officer, and Mr. Harvey Kamil, President and Chief Financial Officer.

I would like to point out that today's conference call contains forward-looking statements. The official forward-looking statements is in today's press release announcing the call and on the **NBTY** corporate Website. In interest of time the forward-looking statement will be read in its entirety at the end of the conference call.

At this point I would like to turn the call over to Mr. Scott Rudolph. Scott?

SCOTT RUDOLPH, CHAIRMAN & CEO, **NBTY** INC.: Yes, thank you Carl. Good afternoon everyone. As a company here we wanted to give you an update of our current operations as Harvey and I have always tried to be forthright and tell people where we are as a company, and just to keep up with our -- all these trends that we always do.

As you can see from the announcement, total sales were up 34 percent. More specifically our direct response was down 12 percent and our US retail was down 1 percent. As it relates to our direct response, while sales were a bit weak we believe that the major decrease is attributable to the first -- our second quarter, where we have our largest sales; we had an increase of 35 percent. And we put as much emphasis during the busiest time of the year to get the biggest sales increase. And last quarter we had really a major increase at 35 percent, and we feel it affected somewhat of our sales for this quarter that we're in right now. Harvey, you have those numbers? I don't have it in front of me.

HARVEY KAMIL, CFO, **NBTY** INC.: For this quarter, Scott, in terms of -- did you say direct response?

SCOTT RUDOLPH: Yes.

HARVEY KAMIL: Direct response -- order size -- this is the order or the number of orders -- order size is about the same. The number of orders is down by about 60,000 orders from last year at this time.

SCOTT RUDOLPH: But we thought getting the biggest increase during the biggest quarter will (indiscernible) over the whole year to give us the largest increase in sales. So that's how it affected there.

If we move to our Vitamin World stores, the trends have just changed recently because when we look at Vitamin World comp sales for the month of April sales were up -- comp sales were up one percent, maybe not as high as we would like but we've had many months in the past where during the quarters we only had one percent increases. But then as May moved along, sales are down six percent for the month of May --

HARVEY KAMIL: That's comp store sales.

SCOTT RUDOLPH: That's comp store sales -- while total sales were down 4.2 percent for May, and they were up 2.4 percent for the month of April. So we just really want to notify that we see the trends of supplements, especially like in health food stores and Vitamin World stores and specialty retailing of these vitamins, supplements are moving toward mass market because our mass market sales have been very strong. So that's really (indiscernible) the trends and they would not be a surprise everyone.

HARVEY KAMIL: Let me just -- because we gave you a lot of numbers --

SCOTT RUDOLPH: But overall we're very optimistic over the long-term for our supplements because we believe with the aging of the population that sales will eventually grow, but where right we definitely see the weakness in the specialty retailing side.

HARVEY KAMIL: We gave out our announcement which showed an increase of 34 percent. I mean the numbers are there. I'd like to give you the monthly numbers so that you can see trends if you want to look at the trends.

So again, from the announcement sales were up 94 percent for wholesale, a decrease of 12 percent for direct response, a decrease of 1 percent to US retail, and an increase of 29 percent for our European operations. Total sales for the two months -- 271 million, an increase of 34 percent.

Just to note, in terms of our European operations the 29 percent, about a third is attributable to ongoing operations; two-thirds is the exchange rate, which has been consistent with other prior periods. In fact, our operations are a little bit better on an ongoing basis on comp store numbers for Holland & Barrett for those two months. So that's the two month numbers.

Let's go to the month by months numbers. So in April our sales were up 36 percent, the mail-order operations were down 14, our US operations -- now, we're just talking about set (ph) sales -- were up 2.4 percent, our wholesale operations were up 104 percent, and the European operations up 25 percent. Gave you a lot of numbers there. Again, a total increase of 36 percent. That was the month of April.

In the month of May total sales were up 33 percent, wholesale was up 85 percent, direct response was down 10 percent, the retail operations were down 4.2 percent -- especially retail operations Vitamin World -- and our European retail operations were up 33 percent. Again, the total there was an increase of 33 percent and you have the totals.

As Scott said, in terms of comp store sales, Vitamin World recorded a one percent increase in April and a decrease of six percent on comp store sales for May.

And I think that's about it. Again, what Scott has said is we had wanted to give you an update as to where we are. Scott?

SCOTT RUDOLPH: So basically what we see is the mail-order, even though sales are down somewhat there, we don't really see the weakness there, even though the numbers there -- it's more of the way the catalogs hit. We see more of a weakness in the US specialty vitamin retailing business right now, which affects health food stores and our Vitamin World stores.

HARVEY KAMIL: One more piece of information that you may be interested in knowing -- of the $270 million in sales that we have, 47 million was attributed to the Rexall brand. Now we've always alerted everyone that we are no longer able to break out the Rexall transaction as to what it brought in. We can identify the Rexall brand, but the Rexall transaction has been totally integrated into our operations. So it's in the numbers. So, yes, the 47 million is the two months number. Again, of 270 and some odd million dollars in sales, 47 is the Rexall.

Again, running through the increases of the numbers, wholesale was up $56 million. Of the 56 million 47 was attributed to the Rexall brand. The direct response was down 5 million. The retail operations were down $0.5 million. And the European operations were up 16 million. A total of $67 million.

So that's where we are, and I guess we can take questions.

OPERATOR: (OPERATOR INSTRUCTIONS) Steve Chick, J.P. Morgan Chase.

JANET KING, ANALYST, J.P. MORGAN CHASE: It is actually Janet King (ph) filling in for Steve.

Two questions, Harvey and Scott. The first one is the recent deceleration in the US nutrition sales growth, is that really coming from your core wholesale business or Rexall? And my second question is we've been seeing a lot of buzz

about sales of low-carb products experiencing some softness. Can you give us a sense of how much low-carb accounts for you guys as a percentage of your total sales or a percentage of your total Rexall sales?

SCOTT RUDOLPH: I don't have it in front of May. I do see some weakness in low-carb sales. Sometimes it's just that you have so much out there that everybody's chewing on each other. But that's a slight area there. As a total percentage I don't have those numbers in front of me right now. I do not think it's -- we have so many brands (multiple speakers) 2000 different items. Between joint care, and our whole supplement lines of products, sports nutrition, and everything else, it's not the biggest part of our business.

HARVEY KAMIL: So the first part of your question was do we think there's a decrease in the core business, we don't. What we see is weakness in our retail operations.

SCOTT RUDOLPH: When we look at our wholesale side, our brands that we had before (indiscernible) Rexall continue to grow and we're still bringing in sales from the Rexall acquisition at the same time.

JANET KING: But the increase in wholesale sales growth for your two-month period is not as robust as it has been over the past couple of quarters. Can we assume, then, that it's coming from the Rexall side versus your core **NBTY** (multiple speakers)

SCOTT RUDOLPH: I think they come in both times (ph), you know. You know, that's just for the two-month period. But I don't -- we will see what happens to the quarter. Basically our wholesale operations, we feel very strong.

JANET KING: Thank you.

OPERATOR: Carol Buyers, RBC Capital Markets.

CAROL BUYERS, ANALYST, RBC CAPITAL MARKETS: Good afternoon. My question is specifically related to the wholesale business. It seems that last quarter your Rexall business was at about an $80 million run rate. This quarter we're at a $70 million run rate. Are you still in the process of rationalizing Rexall at this point? And then how is the profitability in the wholesale business this quarter, if you are still rationalizing?

SCOTT RUDOLPH: When you say rationalizing, just so you know rationalizing (indiscernible)

CAROL BUYERS: (multiple speakers) I am assuming that you're going through your accounts and that there's some overlap.

SCOTT RUDOLPH: There is some overlap. Things go places all over. You have the salespeople now that sell both lines of products, so you have growth and things are getting mixed between each of the things. It gets harder and harder for us to determine each of the (indiscernible). We see our wholesale business -- we see the run rate of Rexall, it's going to change -- I'm not sure the exact run rate because many of the parts that Rexall had on the shelves -- we had to take back massive amounts of returns because the old management put products on the shelves that didn't sell; you had some pipeline fill; you had returns. There is so much confusion going on to figure out exactly what's going on.

But at least the products that are on the shelves right now are doing very well -- all the new products we've introduced. I don't really feel we've put really any losers on the shelves. I don't see any really -- I mean, we might have a product (indiscernible) some more things, but nothing -- we see (indiscernible) moving ahead quite a bit. We see our sales force now really being focused on selling all the lines, including the sales force that we had here originally at **NBTY.** That's one of the reasons why we changed the name of the division to US Nutrition; this way everybody worked for the new company, both the sales force we had here, plus the new people that came in from the Rexall acquisition. And we see that we're really right on track.

CAROL BUYERS: I guess my question is kind of two parts in wholesale. One, really what's Rexall's run rate going to be annually? And then two, are there -- you guys have been gaining incredible distribution in this wholesale business and your internal growth has been tracking north of the 20 percent range. I'm trying to get an understanding of what's more of the normalized number.

HARVEY KAMIL: We track -- for this quarter we were tracking 15 percent non-Rexall brand. Again, as we said, we can't focus in on what the Rexall transaction has given us because it's an interchangeable -- we sell Nature's Bounty as well as Rexall and Sundown equally. We don't have any preference to what a customer takes. So without the Rexall brand we're at 15 percent. You would have to assume that of that 15 percent some of that came from the Rexall transaction. So we would have to say that for the growth without the Rexall transaction we would be anywhere between below 15, but probably no lower than 10. So we could be at 10 or 12 percent without the Rexall operation. This is a guess,

because again it's very difficult for us to identify specifically anymore what the Rexall transaction is giving us. We don't even -- we only know the brand; the balance is all part of the numbers.

SCOTT RUDOLPH: I know, Carol, that you always go for numbers and you push for these numbers, and you never really hear from myself ever a prediction through all the years. And the reason why? I can tell you every day I just push as hard as possible to keep bringing the most amount of sales to this company. I know you work with Harvey and different people in the conference call -- he does the numbers -- but I can tell you every single day I'm out there pushing just as hard as we possibly can. And that's the focus of the company, is just to keep driving more sales. I never have an exact prediction. I can just tell you that I feel -- my feel of what's going on is that what we're doing is very successful and moving ahead. (multiple speakers) and I see wholesale as being strong.

CAROL BUYERS: But from the perspective if you look the distribution gains that you have gained over the years, looking ahead have all the distribution potentials -- has it been met or do you still see opportunity from additional distribution gains?

SCOTT RUDOLPH: I see tremendous opportunities right now for our sales. In the convenience stores, for example, there's a lot of bars. We have brands like Pure Protein. We've redone all these lines of products, for example, there. The products are just going to start hitting the shelves very shortly, so hopefully will have -- excuse me? Right, but I'm saying we see tremendous just opportunities in areas. We have many many different markets. We've launched new lines into ready-to-drink products into gyms which are very successful, and we're working just to keep the supply in place to these customers. We're having a difficult time just because the volume is so great. Which are good problems to have. So we are scrambling around, in other words, just to keep up with demand because since we launched these new lines of products the demand has really grown dramatically.

CAROL BUYERS: And I'll ask the question that everyone is just curious. Is GNC, are they -- under a new management team are they able to -- are they stealing share from Vitamin World today?

SCOTT RUDOLPH: I do not think so. I think it's the mass market and Vitamin World is very promotional oriented and we are very very competitive at Vitamin World. And we don't really believe that that's where the sales are going at all. We believe that sales are moving towards mass. When I say mass I mean everywhere -- drug chains, deep discounters, everywhere. And what we keep doing is even though we have -- the Vitamin World operations might be weak, we do capitalize on the mass market because we keep taking the best-selling items that are sold through the health food market and keep moving them into the mass. And we see that being a very successful opportunity for the company. So even though it might affect Vitamin World in some of the other areas, and GNC or whatever, we believe that we're going to gain the biggest share by moving these things into the mass market.

CAROL BUYERS: Thank you, Scott.

OPERATOR: Gregory Badishkanian, Smith Barney.

GREGORY BADISHKANIAN, ANALYST, SMITH BARNEY: Gregory Badishkanian here. Just a few quick questions just as a follow on to Carol's. Have you notice any increase in promotional activity by GNC. And I guess they filed to do an IPO, so I'm curious how you see their promotional activity trending over the past few months.

SCOTT RUDOLPH: I see them probably just trying to (indiscernible) but nothing affecting Vitamin World. We are just very competitive where we put pricing pressure on everyone in industry in general just because we are a low-cost producer, and I don't really see it as (indiscernible) I see them trying to promote more. I guess that is tied (ph) to an IPO. But nothing really affecting us though. Basically we see weakness in that sector of the market right now, both in -- when we see Vitamin World -- I speak to other suppliers who supply the health food industry. We've had some industry meetings here a couple of weeks ago, and we saw two or three of the vendors and they were complaining -- these are smaller companies complaining that they saw weakness in their sales to the health food health market -- health food fill (ph) market.

GREGORY BADISHKANIAN: But that is because of shift more to the mass channels?

SCOTT RUDOLPH: We don't see that in the mass channel area, we see it in the health food sector. In the specialty sector. In the mass we see increases and in the specialty health food side of the market we see weakness.

GREGORY BADISHKANIAN: A shift basically from specialty to mass.

SCOTT RUDOLPH: Right.

GREGORY BADISHKANIAN: Perfect. In the UK you talked about -- you did talk about the FX impact, but the comps, if you look at the comp store sales growth, what was that?

HARVEY KAMIL: I don't have the comp store number. I just have the total number. It would probably run the same as -- I would venture to say the same as last quarter. So the numbers are up and I think they're in good shape.

GREGORY BADISHKANIAN: Just back to catalog again. I think you're basically a large -- if I hear you correctly, a majority or a large percentage of that impact is just due to timing issues, whether it's from the second to third quarter or going up against a more difficult prior year comparison. It that sort of what you're --?

SCOTT RUDOLPH: We're saying it is more timing, and we also went to the biggest increase during the biggest time of the year to get the biggest dollars. So we see it more as a timing issue.

HARVEY KAMIL: Again, more specifically from last year to this year -- again, last year we had the promotional catalog fall in the third quarter -- the big promotional catalog. This year we had the promotional catalog fall in the second quarter. So in last quarter's numbers we reported a 35 percent increase in direct response. So Scott was saying we were very pleased with that number. But again it was comparing a promotional catalog -- it had easy comparisons. We did when the business was very good. And we noted on the call that in addition to being -- it was an easy comparison, but it also was very good numbers. (indiscernible) talking about Q2 of this year. Now in Q3, our third quarter now, we're comparing a not as promotional catalog to a very promotional catalog the year ago, and that's where the numbers lie. Again, 60,000 orders less, but the order size of the (technical difficulty) the same. It runs just around -- our order size was just about $76 in both years.

GREGORY BADISHKANIAN: And over time maybe you have been seeing the order size increase? Or has that been about the same; you have just been increasing the number of orders and customers?

SCOTT RUDOLPH: We're increasing order size constantly. We're always increasing number of customers. We're always increasing order size. So we've seen a consistent order size increase. Remember again, the mail-order operation -- by the way, if we look at these numbers even more specifically, our online business was -- even though the catalog was down, our online business continues to increase. So we had an increases in online business. But we still have a finite number of customers in mail order (ph). So note that if there's tons of orders coming in in one quarter, while everyone -- the reorder patterns are always great. There is just limits to how much a 4.5 or 5 million or whatever the number of active customers we have orders so that if they order in one specific period -- now, they will come right back, as we know. We don't think we've lost any business. We just think that it's a carryover (indiscernible)

GREGORY BADISHKANIAN: Thank you very much.

OPERATOR: Stephen Martin, Slater Capital Management.

STEPHEN MARTIN, ANALYST, SLATER CAPITAL MANAGEMENT: You were asked earlier and I don't think you commented with respect to the various sales increases and decreases. Can you talk about the margins to the extent, for instance, in wholesale that the Nature's Bounty brands were stronger and the Rexall Sundown brands were weaker? Does that translate into better margins? And I would also ask the same question about direct response in Europe.

UNIDENTIFIED COMPANY REPRESENTATIVE: You are going to make me (indiscernible) pages so let me (indiscernible). I would tell you that I don't believe there's any different margins. We're not anticipating margin difference. So it's not -- let me just look these numbers here. I don't see any difference in margins at all. Just bear with me one second. We just don't see it. So there's no margin -- no, they're all just about the same. So I really don't think it is a margin issue.

STEPHEN MARTIN: Okay. And with respect to direct response, you said it was down 14 percent for April and down 10 for May and you still see the weakness. When do you expect that the negative impact of the timing shift will sort of flatten out? Or when do you do your next promotion?

UNIDENTIFIED COMPANY REPRESENTATIVE: The next catalog is hitting right now as we speak. It just started probably about a week ago, and so that changes the shift right now.

STEPHEN MARTIN: I got you. So when we go into what is your fourth quarter, you would expect that the shifts are -- the catalog you're dropping now, when did that drop last year?

SCOTT RUDOLPH: I don't have that information in front of me. I just know -- I just asked someone the question the other day, in other words, and they mentioned to me that the catalog has started and seems to be doing pretty well. And so the shift is just stopping and changing right now.

HARVEY KAMIL: But we always have a very promotional catalog in our fourth quarter. Our quarters have always been -- other than last year where we shifted quarters, our normal quarter numbers are we have a week first quarter; we have a very strong second quarter, which is always the best quarter of the year; we have a fairly so-so third and a strong fourth. If we number of the quarters, it is Q2 is the best, Q4 comes next, Q3 and then Q1. That's usually the way our operations have been running if you chart the business over the last ten years.

STEPHEN MARTIN: So when you look out to Q4, how would you characterize your expectations for Q4 vis-a-vis the weakness you are seeing now?

SCOTT RUDOLPH: Positive. That is really all I can say. Positive. With the exception of our retail operation in the United States right now. That's the one that I see is the only one that really has a downward trend -- I see not as an upward trend.

STEPHEN MARTIN: And that's also your smallest business?

HARVEY KAMIL: It is our smallest business. Again, if we had -- the reason (multiple speakers) what we wanted to do is we put in these numbers, is when you look at the numbers, the take away that we get from the numbers -- and everyone may have a different impression -- is that in direct response we know we're down, we know there was slight weakness. At the same time we know these were quarterly (indiscernible) comparisons from quarter-to-quarter. When we look at the US retail operation we are much more concerned about that on specially retail and where it is not quarterly issue, it is where we see same-store sales were down 6 percent, and that's what concerns as. And that concerns us. That's really how we look at it, that if there's weakness in the business and we don't see any sunlight at the end of the tunnel, it's more so with our US retail operations than any of the other operations.

STEPHEN MARTIN: Right, but the US retail is your smallest operation.

HARVEY KAMIL: (multiple speakers) percent of the business -- 15 or 18 percent of the business.

STEPHEN MARTIN: How would you characterize Europe going into the fourth quarter?

HARVEY KAMIL: Same as always. Again, Europe also -- part of the European operations is the De Tuinen operation and De Tuinen has been running at a loss, so -- and we're confident that over a period of time that operation is going to become profitable. So we're excited about it.

STEPHEN MARTIN: Thank you.

OPERATOR: Shelley Hindes (ph), CL King & Associates.

GARY GIBLEN, ANALYST, CL KING & ASSOCIATES: Gary Giblen at CL King. The Holland & Barrett looks good. It was above my model. So is anything going on to accelerate the sales in the UK?

HARVEY KAMIL: -- everything is going on. We have an aggressive management team in the United Kingdom. In fact, the President of that division is out there right now. Every day we do something. Every day is another day of where we attempt to maintain -- increased market share, increase market, sell products, and, if you will, kill competition if we have to.

GARY GIBLEN: That's good. Why would your US retail weakness not over time, sort of an intermediate period of time, translate to wholesale weakness? Is that because you're just saying it's a channel switch where the customer is buying at mass rather than specialty vitamin? Is that the full explanation?

SCOTT RUDOLPH: That's the correct thing. In other words, what we see is seeing things from health food stores like specialty and retailing of supplements switching to the mass market.

GARY GIBLEN: Okay. And then just why is that happening? Is it people getting more price (multiple speakers)

SCOTT RUDOLPH: I think that just more information is going out to the mass and they keep grabbing a bigger share of the market. That's what we see.

HARVEY KAMIL: And also, we're supplying the mass with those products so that they're getting up-to-date information from our stores, and they're able to compete (indiscernible) compete, they're able to -- it is a continuing increase in their market share of the products that they're selling.

SCOTT RUDOLPH: That's correct. Right. So they keep getting more and more market share. That's what we really see. And we see trends going toward that way.

GARY GIBLEN: Okay. Now on wholesale is the 15 percent core -- the Rexall brand growth, or 12 percent if you look at it in the other why? But is that growth in any way less than what the internal expectation by you folks at management had been?

SCOTT RUDOLPH: I can't predict the future of all these things. I can just tell you I see the wholesale as a strong operation right now and I see there's many opportunities for us to deal with all the products that we manufacture.

HARVEY KAMIL: You know that the company -- the way we run our company is we don't have target increases or decreases. We've never done that. We go maximizing every single month, every single day our sales numbers. And it is not a -- we don't give salespeople targets. They know they have to -- that we want them to control the shelves, we want to service our customers, we want to give them products that sells, we want to give them product that is better selling and faster moving than anyone else can supply to them. We do that every single day. So it's not as though we have a target. We are going to maximize every situation that we have.

GARY GIBLEN: The reason I'm asking this is because a lot of people had higher total wholesale segment revenue projections than what you would pro forma out to here. But that could just -- I suspect it's just an error of estimate rather than anything changing with the business (multiple speakers) in the general tenor of the wholesale business.

HARVEY KAMIL: I think that is one of the reasons why we put out an announcement like this, so that expectation is properly reflective of our operations or our operations are properly -- that we work hand-in-hand. But once again, the wholesale business is strong, and we see our operations as strong, other than, as we said, our retail operations.

GARY GIBLEN: So nothing has changed in terms of your general expectation for ongoing longer-term growth in wholesale?

HARVEY KAMIL: That is correct.

GARY GIBLEN: It's just quarterly noise sort of?

HARVEY KAMIL: We started -- by the way, when you say noise, it is a lot of noise and what we are trying to make sure is that everyone gets complete information. We had anticipated sales of 1.7 billion. With these numbers that I look at it doesn't look like we're going to make that 1.7 billion. But we're very very close to those numbers. But again, we continue to be very optimistic for the future.

GARY GIBLEN: Sure, okay. I understand. Final question is -- I have to ask this is because people are asking me this. There were substantial insider sales very recently, as well as fairly recently. So can you put some color on that in terms of why, especially in light of the revenue shortfall here?

SCOTT RUDOLPH: At least when I look (indiscernible) sales were pretty strong when my stock went off (ph), so I don't think one is related to the other.

HARVEY KAMIL: What we've always had is when you have management that owns a very large percentage of the company and we sell five percent, four percent, whatever the number is percentage of our holdings, we try to do it as close to our announcements as possible. But Scott sold I think in Q1 also. So his timing has been terrible many times. So it's just a -- you'll always had insider selling where management owns such a large percentage of the company.

GARY GIBLEN: I just wanted to air the issue, but that's fine. Okay, thank you.

OPERATOR: Lawrence Carrell (ph), Smartmoney.com.

LAWRENCE CARRELL, ANALYST, SMARTMONEY.COM: So essentially you're saying that the reason for the shortfall is you had a promotion in the year ago quarter, and that promotion was moved to the previous quarter and you're not having it this -- your comps are bad because you had the promotion last quarter instead of this quarter and (multiple speakers)

UNIDENTIFIED COMPANY REPRESENTATIVE: For our direct response business. We didn't say that for our retail operation. Our retail operation had been promoting more than it has ever been promoting and we still see weakness in that market.

LAWRENCE CARRELL: So what do you think the reason for that is?

UNIDENTIFIED COMPANY REPRESENTATIVE: We feel that the consumers are more moving toward mass market.

LAWRENCE CARRELL: Okay. And (indiscernible) your retail houses versus Wal-Mart or whatever, so they are going --?

UNIDENTIFIED COMPANY REPRESENTATIVE: When I say mass I mean whether it's deep discounters, drugstores --

LAWRENCE CARRELL: I understand.

UNIDENTIFIED COMPANY REPRESENTATIVE: (indiscernible)

LAWRENCE CARRELL: So you see this trend continuing, so what are you planning to do to I guess turn around the retail operations or what's your view or plan for the retail?

SCOTT RUDOLPH: We try to look for new niche items to grow, but we take all those new niche items and move them right into our mass market again. So even though we sometimes we see problems in there, we also create much of the problems because we move -- as soon as we see items that we feel like are going to the mass, we try to move it there since we have such a large share of the mass market supplement business.

LAWRENCE CARRELL: So is there a possibility you might decide to get out of the retail business?

SCOTT RUDOLPH: No, because that business there is our laboratory for our products in the mass market. We test everything there first. We get all the consumer reactions on products. And that's really been our guiding force into our success in the mass market.

LAWRENCE CARRELL: So would you cut prices there?

SCOTT RUDOLPH: I don't think that's really -- that's not really the issue of doing things, and that we wouldn't do. So it's more of trying to find new specialty items.

LAWRENCE CARRELL: How many products do you sell right now?

SCOTT RUDOLPH: Where, in the --?

LAWRENCE CARRELL: Total products.

SCOTT RUDOLPH: In the company -- thousands of different products.

LAWRENCE CARRELL: Over 2002?

SCOTT RUDOLPH: Yes.

HARVEY KAMIL: Just to expand on what Scott just said is what the mass market retailer now has is a ticket or an information flow that they never had before, and we are -- because **NBTY,** the Vitamin World operation is a laboratory for new ideas, when these new ideas become sellers, these products become good sellers, they immediately are given to the mass market retailers, which is something they have never had before, so that they're now a bigger force because they now can compete with specialty retailers because they're getting big selling (indiscernible) items they never had. They never went so quick to market. And we are the ones who are going to them giving them these items that are quick to market. That's all.

LAWRENCE CARRELL: So you're sort of like a between a rock and a hard place?

HARVEY KAMIL: We don't see it that way. We see that Vitamin World has a certain reason for being -- as a prior caller had just made a note of it, our stores make up less than 50 percent of our total business. So the rest of the business is doing extremely well. So, yes, we are going to suffer. Like every specialty retailer we will suffer.

SCOTT RUDOLPH: Right, but for every million dollars that we lost in sales we lost -- we're probably gaining another 8 to 10 million on the other side.

LAWRENCE CARRELL: Eight to 10 million. Okay, great. Thanks a lot.

OPERATOR: Jim Larkin (ph), Wasuch (ph).

JIM LARKIN, ANALYST, WASUCH: Most of my questions have been answered, but I wanted to know if you could just give a little bit of color on the integration with Rexall; maybe some examples of where you're seeing margin improvements off of production runs or consolidation of manufacturing.

SCOTT RUDOLPH: We see integration has gone very smooth. We've hit a lot of bumps in the road like we normally do from anything and we have everyone trained here in the company. So I will just give you a little background history before I go into it.

The company has -- since I have been with the company we've done over 30 something acquisitions here. And it's not just myself we have teams of people who just know how to do things. And I will give you an example. We have buyers who just buy bottles, for example. So what they will do is go down to Florida, look at all the bottles that they're using, and things like that, and try to get better pricing and see which manufactures we use and consolidate those kind of things.

On the manufacturing side, our manufacturing people know -- they start studying the manufacturing and they look at products that they did not manufacture -- we manufacture -- such as, for example, softill (ph), certain protein powders, things like that. So that's all been moved into -- not all, but almost all of it has been moved into our manufacturing facility that they didn't have before so we get synergies there. You have on the manufacturing also, if they manufacture B6 in Florida and you have a product with say B12, for example, and we have the same milligrams, we consolidate so that there's one formula. So say all the B6 would be manufactured in Florida and all the B12 would be manufactured let's say here in New York. So in other words, the production runs are substantially longer and we've got more savings from that.

You have a sales force. Two sales forces have been combined together and they formed a new division called the US Nutrition. You have much more focused salespeople on each of the accounts. The redundant salespeople, that has been taken care of awhile ago, and so you have a nice happy sales force. You've got a lot of savings from that part. In every part of the company -- the whole accounting area, I guess Harvey took care of that already --

HARVEY KAMIL: They are gone.

SCOTT RUDOLPH: All the receivables in one place. There's no accounting department anymore; it's all here in New York. So you have (multiple speakers). In other words, when we buy companies and we integrate them, we are heavy integrators. We know it's a tremendous amount of grunt work and a tremendous amount of effort has to be put in to make decisions and not let them say, okay, I will make a decision next year about it. We take care of decisions. We work long hours during the integration process, about 16 hours a day. Especially for myself. I know Harvey does the same thing. And questions keep arising to me all day long, I just keep giving people answers and then we review them like three months later again and say was that the right decision, because if it's the wrong decision we will go back and change it. Everyone through this whole process has definite direction. And so that's how we do it.

HARVEY KAMIL: Again, when you said we have closed down their main headquarters, the building is up for sale. It's something we said we wanted to do. So these are things that continue to happen to the business.

JIM LARKIN: Is it fair to say that we haven't yet seen in the reported numbers the full benefit of the cost savings and the synergies that come from the Rexall combination?

SCOTT RUDOLPH: I would say it's possible you always keep getting more and more as time goes on. But you know I say it's really hard to say because we in the company here as a whole, as part of our mission statement is to deliver the highest quality nutritional supplements (indiscernible) to our customers. To get that value part we have non stop improvement in the company. It's everywhere, whether it's computers, or machinery. We build our own machinery. It's just nonstop. So we always see improvement. I don't know if it's all from Rexall; we're just always improving in the company. As the company gets larger, every time you figure out a savings someplace, the benefits just keep getting larger and larger.

JIM LARKIN: Thanks for the color.

OPERATOR: Troy Huff, U.S. Bancorp.

TROY HUFF, ANALYST, U.S. BANCORP: I think most of my questions were answered, but on the retail side in Vitamin World, in the past I've noticed that sometimes you've run your beginning of the month promotion where there is two days you come in and get a better savings on your card. And you've run that a couple of times during the month. Has the promotional aspect of Vitamin World changed substantially at all?

SCOTT RUDOLPH: No, it's still pretty much the same kind of promotional schedule. We see just the strength is not right there. The customers are not as strong. We see our products selling more in mass. That's really where we see what's going on.

TROY HUFF: On the wholesale business, it would appear just simply that The Street estimates were probably just maybe too aggressive. But in the Rexall piece of the business have the returns, or I guess your customers, has been accelerated? I know at one point you expected to lose so much of the business just due to overlap or due to customers not wanting you to control too much of their shelves. And it seems liked the upside in recent quarters has been from the fact that those returns had not been as high. So have those returns maybe accelerated now that customers realize how much of the shelf you control? I'm just trying to get some color on that.

HARVEY KAMIL: First, let's understand the returns are not -- there's two separate subjects. The returns are only the fact that when we went into the customer, we wanted to give them a better pricing, faster moving items. (multiple speakers) to do with controlling the shelves. So we took back a lot of product. I don't have the -- we have not generated want the return numbers, so I will give you that when we report at the end of the quarter. The returns are strictly -- the returns have nothing to do with when you talk about controlling of shelf space. The returns were strictly making sure that there were fast moving, competitively priced product on the shelves. As it relates to what the customer thinks of us, I will let's Scott answer that one because my opinion is that they love us now. I'll put over the rest for Scott to answer in terms of what the customers think about our controlling shelves.

SCOTT RUDOLPH: The customers really are in general very happy with us. We had some more customers who have given us category captain. We have won more customers for that area because they see us taking that Vitamin World data and sharing with them. And they're very happy because there's less mistakes made. Most of the products that we put on the shelves are successful. They don't have to worry about us throwing ten products at them and two are successful. If we put ten products there, we will have over nine that are successful, possibly even ten. And because of that our accuracy, that's what they're looking for so they don't waste their time.

TROY HUFF: Okay. Just one follow-up question on the wholesale business. In order to hit the original target of 1.7 billion it would seem that kind of the organic growth ex-Rexall transaction, the organic growth in the core part of the business, core wholesale, would have needed to be close to say 20 percent or maybe low 20 percent and now it seems to be more on a trajectory of kind of mid-teens. Is that sort of what we should think going forward, is that the core business can kind of grow on the low-teens type of growth rate?

HARVEY KAMIL: Right now, yes. We did this analysis almost nine months ago as we looked at where we think we would be. And we were thinking -- yes, I would say that there will be a -- we won't hit that 1.7 billion, but you know -- we will be off a bit, but that is it. So you could think of it what you said, yes.

TROY HUFF: That's all I had. Thank you.

OPERATOR: Barbara Miller (ph), Federated Coffman Funds (ph).

BARBARA MILLER, ANALYST, FEDERATED COFFMAN FUNDS: Actually my question has been answered. Thank you.

OPERATOR: Ron Bobman (ph), Capital Returns.

RON BOBMAN, ANALYST, CAPITAL RETURNS: I'm wondering, does the company have a buyback authorization? Can you tell us if so what's remaining and do you intend to be active after the call?

HARVEY KAMIL: The answer is yes, we do have a buy back. It's an open authorization that the company had. We have purchased stock back in three years ago -- I think it was three years ago and fours years ago, substantial amounts of stock. Right out the company continues to pay back debt. What we haven't spoken about on the call is that we continue to feel that there are acquisitions available to us in the marketplace. So we will not be buying back stock right now; we will be paying back debt as we delever, and delevering we believe it opens the door in effect for us to be able to borrow more money try to do additional acquisitions.

RON BOBMAN: Thanks.

OPERATOR: Marianne Mendillo (ph), Stanfield Capital.

MARIANNE MENDILLO, ANALYST, STANFIELD CAPITAL: What percentage of your wholesale business is to mass?

HARVEY KAMIL: Of the two-month numbers of wholesale of about 116 million, about 95 was mass market -- around that. Because the Nature's Bounty brand is sold in mass market and in the (multiple speakers) it's difficult for us to (multiple speakers) no, it's not convenient. When you say mass, as long as you broaden the mass being mass market and convenience stores, we don't -- we have so many customers. We have just about every customer in the country.

MARIANNE MENDILLO: What I'm trying to get at is what percentage of your wholesale business is going to be hurt by the difficulties that the specialty retail is facing and it (multiple speakers) but some of your wholesale products are sold in specialty retailers stores, aren't they?

SCOTT RUDOLPH: Not really. We're mostly stronger in drugstores, mass (multiple speakers)

MARIANNE MENDILLO: So is it 10 percent, 5 percent, 15 percent of wholesale goes to specialty retail?

HARVEY KAMIL: On those numbers (multiple speakers) 5 percent or less we are very -- I don't think it's up there.

MARIANNE MENDILLO: Okay. I would have thought it was a little bigger than that. So it's really almost not meaningful.

Then another question too. Regarding this market data that you get from your vitamin stores, couldn't you get similar type of data perhaps from your direct sales? Is there any other way to get like this direct data instead of operating these retail stores?

SCOTT RUDOLPH: Not really because with retail customers you are learning about what kind of labels to put on the shelves, you are learning about -- and the direct response business buys very very unique specialty items. It is a different business.

MARIANNE MENDILLO: Okay. (multiple speakers) and I'm sure you're probably exploring other means of obtaining this data as far as consumption patterns and that type of thing in addition to your specialty retail shops.

UNIDENTIFIED COMPANY REPRESENTATIVE: Your data, you get customers and you're talking to customers; you're right there. There is many things going on. It's not just getting data; it's also able to people to people talking to them and understanding why they're buying certain products. And so if customers stop buying certain products you ask them why do you buy or why do you prefer this product over this product, and you get real answers in how to steer the ship.

MARIANNE MENDILLO: Okay, very good. Thank you.

OPERATOR: Donna Elliott (ph), Blackrock.

DONNA ELLIOTT, ANALYST, BLACKROCK: I'm a little confused about the sudden shift from the specialty to the mass merchants. It seems like that if that was something that was happening with customers over time that it would be something that would happen gradually, whereas it appears that the month of May just sort of fell off. And I'm wondering why you have such confidence that that's the cause of the problems at specialty retail.

SCOTT RUDOLPH: I just know that when I went back to the people who run the Vitamin World division, I know they told me they're pushing very very hard to get sales and promoting. And they're saying, look, the customers are -- when we start looking at the products that are slowing down a little bit and we start studying the things, and we see in mass they're doing very well. So we have made a determination that we see more things moving toward the mass market, and that's what we have. As we keep launching more and more unique products they're getting there. (indiscernible) for example, last year there was a product called oral calcium (ph) (indiscernible) right to the mass and capitalize on it. That's really what's been happening; all these unique items we've been really pushing through the mass market.

DONNA ELLIOTT: But as you say, it's been happening for a while and sales hadn't been impacted as much as they have been this quarter. Is there some external force? I know people have asked about GNC. Doesn't it beg the question that there's something else that might be going on, at least in the short-term?

UNIDENTIFIED COMPANY REPRESENTATIVE: We just see it's the sales. That is basically where it is. (indiscernible) because we don't see the weakness in the mass, we see the weakness in the specialty stores. And also talking to many of the vendors that sell products to the specialty retail stores and health food stores -- and that was a couple of weeks ago -- I couldn't believe how week they said sales were. So that's generally from taking around and dealing with lots of people we deal with in the industry.

DONNA ELLIOTT: Okay.

OPERATOR: Matt Fasnatch (ph), Clovis (ph).

MATT FASNATCH, ANALYST, CLOVIS: Harvey, you made some comments earlier about margins. I didn't understand the reference. The question is how are margins looking so far in the quarter versus one-quarter -- the first quarter -- or the last quarter in each business? How are they trending versus last quarter?

HARVEY KAMIL: I didn't give a comparison on (inaudible). The last quarter margins were 51.5 percent gross margin on the business. Our eight-month numbers now -- we still show just about the 50 -- a little -- just a hair below 51.5 percent is the gross margin. So it's running just about the same as the prior quarter.

MATT FASNATCH: And the growth of wholesale, I guess last quarter was 123 percent growth and so far this quarter it is 94. Did I understand correctly that it's Rexall seasonal sales is driving that?

HARVEY KAMIL: It's Rexall and internal growth.

MATT FASNATCH: So the split (ph) up from 123 to 94 is a little bit of slowdown in internal growth and Rexall seasonality?

HARVEY KAMIL: I don't know if I would scold (ph) seasonality. It's just the Rexall sales. We never thought about it seasonal (multiple speakers)

MATT FASNATCH: It's more like getting rid of their products and they are moving because they weren't selling well?

UNIDENTIFIED COMPANY REPRESENTATIVE: (inaudible) I just realized it now. That's okay. In other words is that when we look at numbers, we took a couple of items from one of our brands that we had here before and we moved it towards Rexall brands. So I would think Nature's Bounty -- in other words, some of the numbers are hard to really just (multiple speakers) yes, they've going back and forth so (multiple speakers) it's hard for us to actually determine the numbers.

UNIDENTIFIED COMPANY REPRESENTATIVE: We can locate it. It's all one thing. But again, we said we have increases of about $56 million and we told you what Rexall is. That's only Rexall -- that's not the Rexall transaction. (indiscernible) Rexall has the same customer bases we had just about. So it's -- we are just maximizing shelf space in these customers.

MATT FASNATCH: Thanks.

OPERATOR: Howard Choe, Standard & Poor's.

HOWARD CHOE, ANALYST, STANDARD & POOR'S: Good afternoon. I'm sorry to beat this wholesale question to death, but in terms of the growth for the first two months obviously compared to the first and second quarter of this year the growth is a bit slower. So are there certain activities that were a bit different than from the first two quarters that would account for the slower growth?

UNIDENTIFIED COMPANY REPRESENTATIVE: I don't know. I would tell you that seasonally our second quarter is always our strongest quarter. That is seasonally. Other than that, we don't have -- we're always doing something every quarter and we don't focus in on anything unusual for this quarter to give an explanation as to why is it lower than other quarters. We should note traditionally third quarter is weaker than the second quarter. Second quarter is always our strongest quarter.

HOWARD CHOE: Secondly, the shift from retail to mass, obviously that's going to benefit your wholesale division. Did you see some of that this quarter or do you think that will be something that you will see in the subsequent quarters?

SCOTT RUDOLPH: I see more things moving toward mass as time goes on. The customers in the mass and the distribution through mass, they're starting to catch on when they see a trend that they're reacting much quicker than they did many years ago when they would take a year before they would add an item into their chain and they would let it just be selling in the specialty stores. They're moving very quickly right now. There almost -- so they're only maybe 30 days away later than the customers in just the specialty retail shops and the health food stores.

HOWARD CHOE: Thank you.

SCOTT RUDOLPH: I want to thank everyone for listening to our conference call. Carl are you there?

CARL HYMANS: Thank you gentleman. At this point I would like to just read the forward-looking statements that were mentioned at the beginning of the conference call.

Certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to our financial condition and results of operation and business. All of those forward-looking statements which can be identified by the use of terminology such as "subject to", "believe", "expects", "may", "will", "should", "can", or "anticipates", or the negative thereof, or variations thereon, or comparable terminology, or by discussions of strategy, which although believed to be reasonable, are inherently uncertain.

Factors which may materially affect such forward-looking statements include -- slower negative growth in the nutritional supplement industry; interruption of business or negative impact on sales and earnings due to acts of war, terrorism, bio-terrorism, civil unrest or disruption of mail service; adverse publicity regarding nutritional supplements; the inability to retain customers of companies or mailing lists recently acquired; increased competition; increased costs; loss or retirement of key members of management; increases in the cost of borrowings and the unavailability of additional debt or equity capital; the unavailability of or inability to consummate advantageous acquisitions in the future, including those that may be subject to bankruptcy approval or the inability of **NBTY** to integrate acquisitions into the mainstream of its business; changes in general worldwide economic and political conditions in the markets in which **NBTY** may compete from time to time; the inability of **NBTY** to gain and/or hold market share of its wholesale and/or retail customers anywhere in the world; the unavailability of electricity in certain geographical areas; the inability of **NBTY** to obtain and/or renew insurance; exposure to and expense of defending and resolving product liability claims and other litigation; the ability of **NBTY** to successfully implement its business strategy; the inability of **NBTY** to a manage its retail, wholesale, manufacturing and other operations efficiently; consumer acceptance of **NBTY's** products; the inability of **NBTY** to renew leases on its retail locations; the inability of **NBTY's** retail stores to attain or maintain profitability; the absence of clinical trials for many of **NBTY's** products; sales and earnings volatility and/or trends; the efficacy of **NBTY's** Internet and online sales and marketing; fluctuations in foreign currencies, including the British pound; import/export controls on sales to foreign countries; the inability of **NBTY** to secure favorable new sites for and delays in opening new retail locations; the introduction of new federal, state, local or foreign legislation or regulation or adverse terminations by regulators anywhere in the world, including the banning of products, and more particularly the Food Supplements Directive and the Traditional Herbal Medicinal Products Directive in Europe; the mix of **NBTY's** products and the profit margins they're on; the availability and pricing of raw materials; risk factors discussed in **NBTY's** filing with the US Securities and Exchange Commission; adverse effects on **NBTY** as a result increased gasoline prices and potentially reduced traffic flows for **NBTY's** retail locations; and other factors beyond **NBTY's** control.

Readers are cautioned not to place undue reliance on forward-looking statements. **NBTY** cannot guarantee future results, trends, events, levels of activity, performance or achievement. **NBTY** does not undertake and specifically declines any obligation to update, republish or revise forward-looking statements to reflect events or circumstances after the date thereof or to reflect the occurrences of unanticipated events.

Thank you and good afternoon.

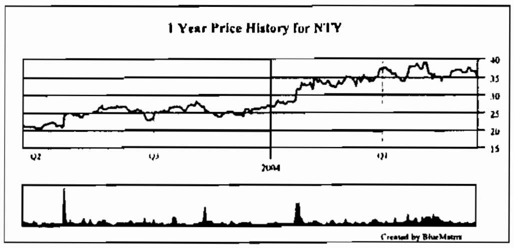
OPERATOR: Thank you. This does conclude today's conference. You may disconnect your lines at this time and have a wonderful day.

most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

LOAD-DATE: July 2, 2004

EXHIBIT E

RBC Capital Markets **Research Comment** June 17, 2004



NBTY, Inc

(NASDAQ: NTY)

Outperform

Above Average Risk

Company Update
Price Target Downgrade
EPS Revision

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Price: 36.50	**Price Target: 36.00** ↓ 42.00
52-Wk High: 39.61	**52-Wk Low: 20.10**
Float (MM): 45.1	**Debt to Cap: 45.4%**
Shares Out (MM): 69.1	**Market Cap (MM): 2,522**
Dividend: 0.00	**Yield: 0.0%**
Tr. 12 ROE: 19.60%	**Est 3-Yr EPS Gr: 15.00%**
Trading Vol. (MM): 935.000	
Institutional Own.: 62%	

(FY Sep)	**2002A**	**2003A**	**2004E**	**2005E**
EPS	1.15	1.33	1.83	2.16
Prev.			1.97	2.25
P/E	31.74x	27.44x	19.95x	16.90x
Revenue Net (MM)	--	$1.19bn	$1.64b	NZD1.76bn
Prev.			$1.69bn	$1.83bn
MktCap/Rev	NA	2.11x	1.54x	1.43x

EPS	**Q1**	**Q2**	**Q3**	**Q4**
2002	0.17A	0.33A	0.30A	0.36A
2003	0.24A	0.34A	0.43A	0.31A
2004	0.34A	0.60A	0.48E	0.41E
Prev.			0.58E	0.46E
2005	0.44E	0.64E	0.58E	0.51E
Prev.			0.63E	0.54E
Revenue Net (MM)				
2003	241.40A	277.80A	308.50A	364.80A
2004	385.10A	439.59A	417.55E	397.44E
Prev.			445.44E	424.34E
2005	414.55E	472.45E	449.33E	427.80E
Prev.	416.15E	473.57E	480.92E	458.58E

All values in USD unless otherwise noted.

NBTY Preannounces Sales Shortfall

Event

NBTY preannounced sales shortfall for April and May.

Investment Opinion

- **Sales Shortfall:** NBTY reported a sales shortfall for April and May. We estimate three of its four divisions are tracking below expectations (Wholesale, Direct, and Vitamin World).
- **Business Segments:** We estimate the wholesale business slowed in Q3, with internal growth tracking in the single digits compared to expected double digit growth. The direct business reported slowing sales, partially explained by tough sequential and YOY comparisons. While we did not have high expectations for the U.S. retail segment (5% comps), the Vitamin World comps are tracking negative. The one bright spot was Holland & Barrett, which reported strong comps of approximately 28%.
- **Stock Opinion:** Given the company does not provide guidance, or manage its business quarter to quarter, it tends to report an earnings miss approximately every 5-7 quarters, only to be followed by a positive earnings surprise in the following quarter. Therefore, we continue to believe the long-term outlook remains intact, and would be buyers of the stock on today's pullback.
- **Lowering Estimates And Target:** Given the sales weakness in three of the four business segments, we are lowering our fiscal EPS estimates to \$1.83/\$2.16 from \$1.97/\$2.25. In addition, we are lowering our price target to \$36 from \$42 (16x our CY-05 estimate of \$2.22). We maintain our Outperform rating with Above Average Risk qualifier.

For Required Disclosures, please see page 3.

Sales Shortfall
While NBTY does not provide specific sales or earnings guidance, management cited lower sales for April and May. We estimate that three of the four divisions underperformed (Wholesale, Direct, and Vitamin World). Below we outline the detail by business segment:

- **Wholesale:** The company reported two-month sales of $116 million vs. $60 million (94% increase). Sales are tracking lower than our estimate of 127% growth for Q3. We estimate internal growth slowed to the single-digits from double-digit growth.
- **Direct Response:** Direct Response reported a sales decline of 12% for the first two months of Q3. We were not surprised by this shortfall as NBTY reported a significant sales miss in 2Q03. At the end of 2Q03, NBTY mailed a large volume of catalogs, positively impacting 3Q03 sales and creating a difficult YOY comparison. Additionally, NBTY faced a strong sequential comparison of 35% growth in 2Q04 during its seasonally strongest quarter. YTD sales in Direct Response are up 9%.
- **U.S. Retail (Vitamin World):** The U.S. retail division reported a 1% decline in sales YOY through the first two months. Given the weak performance of Vitamin World, we have had low expectations for the retail division for the past two years (roughly 5% comp growth). We believe the negative comps could partially be explained by a renewed competitive focus from GNC, with assistance from its new financial investor.
- **International Retail (Holland & Barrett):** The one bright spot in the reported sales figures for April and May includes 29% growth in the European division. We estimate Holland & Barrett comp growth is tracking approximately 28% YOY despite a decreased impact from favorable currency. Our previous estimate was for 8% comp store growth for the quarter.

Lowering Estimates And Target
Given a large portion of the sales miss occurred in the high margin direct business, we estimate the magnitude of the Q3 earnings miss to be in the range of $0.10. As a result, we are lowering our Q3 estimate to $0.48 from $0.58. Additionally, we are lowering our fiscal 2004/2005 estimates to $1.83/$2.16 from $1.97/$2.25. In addition, based on the sales shortfall in three of four business segments, we are lowering our price target to $36 from $42. Our revised price target is based on a multiple of 16x (lowered from 18x) our revised calendar 2005 estimate of $2.22.

Valuation

We are lowering our price target to $36 from $42. Our revised price target assumes a multiple of 16x (prev. 18x) our revised CY-05 EPS estimate of $2.22 (prev. $2.31), representing a 20% discount to other "healthy lifestyles" companies. We believe this discount fully accounts for the more difficult conditions in the dietary supplement category.

Price Target Impediment

Difficulty integrating acquisitions could impede achievement of our price target.

Company Description

NBTY, Inc. (Bohemia, New York) is a leading vertically integrated manufacturer, marketer, and retailer of value-priced nutritional supplements in the United States and United Kingdom.

Required Disclosures

Explanation of RBC Capital Markets Rating System

An analyst's "sector" is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector.**RatingsTop Pick (TP):** Represents best in Outperform category; analyst's best ideas; expected to significantly outperform the sector over 12 months; provides best risk-reward ratio; approximately 10% of analyst's recommendations.**Outperform (O):** Expected to materially outperform sector average over 12 months.**Sector Perform (SP):** Returns expected to be in line with sector average over 12 months.**Underperform (U):** Returns expected to be materially below sector average over 12 months.**Risk Qualifiers (any of the following criteria may be present):Average Risk (Avg):** Volatility and risk expected to be comparable to sector; average revenue and earnings predictability; no significant cash flow/financing concerns over coming 12-24 months; fairly liquid.**Above Average Risk (AA):** Volatility and risk expected to be above sector; below average revenue and earnings predictability; may not be suitable for a significant class of individual equity investors; may have negative cash flow; low market cap or float.**Speculative (Spec):** Risk consistent with venture capital; low public float; potential balance sheet concerns; risk of being delisted.

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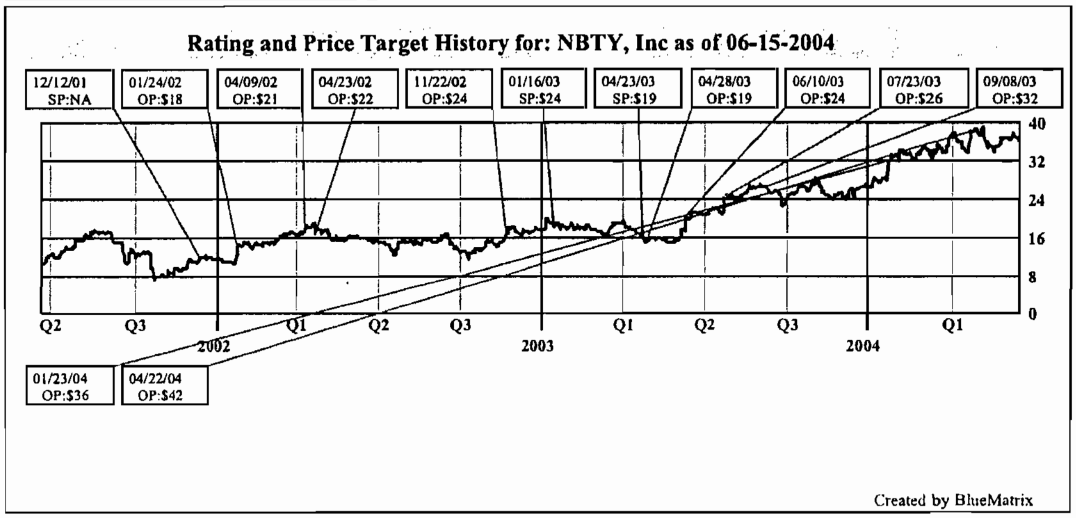
Distribution of Ratings, Firmwide

	RBC Capital Markets		Investment Banking Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [TP/O]	357	48.97	121	33.89
HOLD [SP]	285	39.09	65	22.81
SELL [U]	87	11.93	5	5.75



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RBC Capital Markets is currently providing NBTY, Inc with non-securities services.

RBC Capital Markets has provided NBTY, Inc with non-securities services in the past 12 months.

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EXHIBIT F

63 of 124 DOCUMENTS

Business Wire

July 13, 2004

ACC-NO: 119212206

LENGTH: 1433 words

HEADLINE: Zacks Sell List Highlights: NBTY, Inc., VERITAS Software, Hot Topic, and PeopleSoft.

BODY:

CHICAGO -- Zacks.com releases details on a group of stocks that are part of their exclusive list of Stocks to Sell Now. These stocks are currently rated as a Zacks Rank #5 (Strong Sell). Since inception in 1988 the S&P 500 has outperformed the Zacks #5 Ranked Strong Sells by 96.9% annually (12.0% vs. 6.1% respectively). While the rest of Wall Street continued to tout stocks during the market declines of the last few years, we were telling our customers which stocks to sell in order to save themselves the misery of unrelenting losses. Among the #5 ranked stocks today we highlight the following companies: NBTY, Inc. (NYSE:NTY) and VERITAS Software Corporation (NASDAQ:VRTS). Further they announced #4 Rankings (Sell) on two other widely held stocks: Hot Topic, Inc. (NASDAQ:HOTT) and PeopleSoft, Inc. (NASDAQ:PSFT). To see the full Zacks #5 Ranked list of Stocks to Sell Now then visit: http://at.zacks.com/?id=92

Here is a synopsis of why these stocks have a Zacks Rank of 5 (Strong Sell) and should most likely be sold or avoided for the next 1 to 3 months. Note that a #5/Strong Sell rating is applied to 5% of all the stocks we rank:

NBTY, Inc. (NYSE:NTY) is a manufacturer and marketer of nutritional supplements in the United States. In mid-June, NBTY announced lower sales for its Direct Response and Vitamin World operations for the two-month period ending May 31, 2004. The company expected the slowdown to last through at least the end of June, and said it will impact its overall results for the fiscal third quarter. The company has experienced some recent revisions to the downside from analysts, and earnings estimates for the year ending September 2004 are down by 15 cents, or approximately -7% from one month ago. Nevertheless, NBTY, which reported solid fiscal second quarter numbers in April, is a leading presence in its industry, and remains optimistic for the long-term. In the short term, however, investors may want to wait for its earnings estimates to gain more upward momentum before taking a position.

VERITAS Software Corporation (NASDAQ:VRTS) is a leading provider of software to enable utility computing. VERITAS Software will report its second quarter results on July 27th. However, in the past seven trading days, earnings estimates for the year ending December 2004 moved lower 7 cents, or about -7%, as the company announced preliminary second quarter expectations below the consensus last week. The company expects non-GAAP earnings per share between 18 cents and 20 cents on total revenues of $ 475 million to $ 485 million. VERITAS Software stated anticipated results were impacted mainly by weakness in its U.S. enterprise sales. But VERITAS' services business remained strong, according to the company, and demand for its products and services in most of Europe and Asia Pacific met its expectations. This innovative company should be able to fulfill its potential moving forward, but for now investors may want to stay on the sidelines a bit longer until analysts give its earnings estimates a lift.

Below is a synopsis of why these two stocks have a Zacks Rank of 4 (Sell) and should also most likely be sold or avoided for the next 1 to 3 months. Note that a #4/Sell rating is applied to 15% of all the stocks we rank:

Hot Topic, Inc. (NASDAQ:HOTT) is a national mall-based specialty retailer. Earlier this month, Hot Topic announced that it expects net income of about 13 cents per diluted share for its second quarter, which was a penny below the consensus at the time. The company also said it now expects same-store sales to be flat for the second quarter, as

implementation of a new distribution center software package took longer than expected. These announcements came at the same time Hot Topic announced same-store sales for June that decreased -0.4%. Hot Topic has experienced some recent downward revisions from analysts, and earnings estimates for the year ending January 2005 moved lower by a penny, or almost -1%, in the past seven trading days. Furthermore, earnings estimates remain below levels from three months ago by 3 cents, or almost -3%. Nevertheless, Hot Topic also announced net sales for June that advanced +20%, and stated it is now on track in making the merchandise assortment changes necessary to improve its business. For now though, investors may want to hold off on opening or deepening a position for a little while longer until analysts' earnings estimates get back on a more upward track.

PeopleSoft, Inc. (NASDAQ:PSFT) is a leading provider of enterprise application software. PeopleSoft is scheduled to report its second quarter results on July 27th. Over the past seven trading days, earnings estimates for the year ending December 2004 moved lower 14 cents, or about -16%. Last week, the company announced it expects pro forma earnings per share of between 13 cents and 15 cents per share for the second quarter, which was below the consensus at the time of approximately 20 cents. Total revenues of between $ 655 million and $ 665 million were also less than what some analysts were expecting. Peoplesoft stated the extensive publicity of the antitrust trial with Oracle during the last month of the quarter was impossible to completely overcome. The company went on to state its belief that adverse impact to its business has been substantial. But PeopleSoft should be in a much better situation once these difficult circumstances are in the past, and looks forward to returning to normal business soon. In the meantime, investors may want to refrain from allocating funds to their portfolios for the moment and watch for its earnings estimates to get back on track.

To truly take advantage of the Zacks Rank, you need to first understand how it works. That's why we created the free special report; "Zacks Rank Guide: Harnessing the Power of Earnings Estimate Revisions." Download your free copy now to prosper in the years to come. http://at.zacks.com/?id=93

About the Zacks Rank

For over 15 years the Zacks Rank has proven that "Earnings estimate revisions are the most powerful force impacting stock prices." Since inception in 1988 the #1 Ranked stocks have generated an average annual return of +34.2% compared to the (a)S&P 500 return of only +12.0%. Plus this exclusive stock list has generated total gains of +139.7% total return since 2000 vs. the worst bear market in over 60 years. Also note that the Zacks Rank system has just as many Strong Sell recommendations (Rank #5) as Strong Buy recommendations (Rank #1). And since 1988 the S&P 500 has outperformed the Zacks #5 Ranked Strong Sells by 96.9% annually (12.0% vs. 6.1% respectively). Thus, the Zacks Rank system can truly be used to effectively manage the trading in your portfolio.

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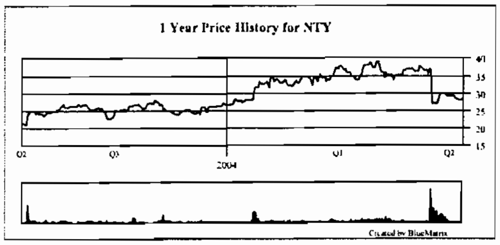
(a)The S&P 500 Index ("S&P 500") is a well-known, unmanaged index of the prices of 500 large-company common stocks selected by Standard & Poor's. The S&P 500 includes the reinvestment of all dividends, no transaction costs, and represents the gross returns before management fees.

LOAD-DATE: July 14, 2004

EXHIBIT G

RBC Capital Markets **Research Comment** July 14, 2004



NBTY, Inc

(NASDAQ: NTY)

Sector Perform (prev: Outperform)

Above Average Risk

Company Update
Price Target Downgrade
Rating Downgrade
EPS Revision

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Price: 27.77	**Price Target: 32.00** ↓ 36.00
52-Wk High: 39.61	**52-Wk Low: 20.64**
Float (MM): 45.1	**Debt to Cap: 45.4%**
Shares Out (MM): 69.1	**Market Cap (MM): 1,919**
Dividend: 0.00	**Yield: 0.0%**
Tr. 12 ROE: 19.60%	**Est 3-Yr EPS Gr: 15.00%**
Trading Vol. (MM): 935.000	
Institutional Own.: 62%	

(FY Sep)	2002A	2003A	2004E	2005E
EPS	1.15	1.33	1.82	2.09
Prev.			1.83	2.16
P/E	24.15x	20.88x	15.26x	13.29x
Revenue Net (MM)	--	$1.19bn	$1.63bn	$1.72bn
Prev.			$1.64bn	$1.76bn
MktCap/Rev	NA	1.61x	1.18x	1.12x

EPS	Q1	Q2	Q3	Q4
2002	0.17A	0.33A	0.30A	0.36A
2003	0.24A	0.34A	0.43A	0.31A
2004	0.34A	0.60A	0.47E	0.41E
Prev.			0.48E	
2005	0.43E	0.62E	0.55E	0.49E
Prev.	0.44E	0.64E	0.58E	0.51E
Revenue Net (MM)				
2003	241.40A	277.80A	308.50A	364.80A
2004	385.10A	439.59A	410.83E	392.94E
Prev.			417.55E	397.44E
2005	405.94E	463.32E	433.30E	414.13E
Prev.	414.55E	472.45E	449.33E	427.80E

All values in USD unless otherwise noted.

Continued Weakness In Wholesale: Downgrading To Sector Perform

Event

Downgrade based on continued weakness in Wholesale.

Investment Opinion

- **Review of April and May Shortfall:** On June 17th, NBTY reported a sales shortfall for April and May. Three of its four divisions reported below expectations (Wholesale, Direct, and Vitamin World). At the time of the announcement our main concern was the weakness reported in Rexall sales, as Direct Response has historically been volatile and Vitamin World is not significant to earnings.
- **June Wholesale Trends Concerning:** We recently received SPINs sell-through data for the four-week period ending June 12th for sales in the mass channel (mass, food and drug; excluding Wal-Mart). The data revealed exceptionally weak retail sales for both Rexall and NBTY. The importance of the wholesale division, which comprises almost 50% of sales, and the magnitude of the decline is concerning. Without the benefit of NBTY's earnings release (July 22nd), we conclude that overall industry sales were weak, Rexall may have had difficult comparisons and NBTY lost shelf space.
- **Stock Opinion:** Given the magnitude of weakness at retail, we may not get the snapback in sales in the next quarter as originally believed. As a result, we are lowering our estimates, target and opinion. We are lowering our fiscal 2004/2005 estimates to $1.82/$2.09 from $1.83/$2.16. In addition, we are lowering our price target to $32 from $36 (15x our CY-05 estimate of $2.15). We are lowering our rating to Sector Perform from Outperform.

For Required Disclosures, please see page 3.

Review of NBTY's Sales Trends for April and May

While NBTY does not provide specific sales or earnings guidance, on June 17th management cited lower sales for April and May. Three of its four divisions underperformed (Wholesale, Direct, and Vitamin World) and one division outperformed (Holland and Barrett). At the time of the announcement shares traded off significantly and we reiterated our Outperform opinion, as the company tends to report earnings misses approximately every five to seven quarters, only to be followed by a positive earnings surprise. Regarding the preannouncment, the shortfall in Direct Response was explained by difficult comparisons both sequentially and year-over-year. Given the inherent volatility in this business, we fully expect this division to return to positive growth next quarter. While the U.S. Retail Division (Vitamin World) reported a 1% decline in sales, this segment is insignificant to earnings and we have consistently maintained low expectations.

Finally, despite reporting double-digit growth for its core NBTY wholesale business, Rexall reported weak sales. At the time of the company's announcement this division was our main concern. However, given the weakness was confined to Rexall we concluded that the challenges were solely related to the integration.

June Wholesale Trends Concerning

We recently received SPINs sell-through data for the four-week period ending June 12th for sales in the mass channel (Food, drug and mass; excluding Wal-Mart). The data revealed exceptionally weak retail sales for both Rexall and NBTY. Retail sales for the four-week period ending June 12th declined approximately 20% for Rexall and 40% for NBTY. For comparison purposes, sales for the 52-week period ending June 12th increased 8% for Rexall and 2% for NBTY. NBTY's internal growth rate for its wholesale division over the same period (sales excluding Rexall) has tracked around 25%, which has benefitted from increases in shelf space at Wal-Mart.

The importance of the wholesale division, which comprises almost 50% of sales, and the magnitude of the decline is concerning. In addition, without the benefit of NBTY's earnings release (expected July 22nd), we attempt to explain the recent trends. First, it is clear that the overall supplement industry declined precipitously in June. For example, while the supplement industry has been tracking flat to slightly down over the past year, mass channel sales declined 7% in the month of June. Second, it is possible that prior to its sale to NBTY last July, Rexall promoted its products heavily, making for difficult comparisons. Finally, the decline in NBTY sales may reflect the loss of a customer or significant shelf space.

Lowering Estimates And Target

Given the magnitude of weakness at retail, we may not get the snapback in sales in the next quarter as we originally believed. As a result, while estimates have come down, we believe they may need to be revised lower. We are lowering our fiscal 2004/2005 estimates to $1.82/$2.09 from $1.83/$2.16. The consensus estimates for 2004/2005 are $1.91/$2.29. In addition, we are lowering our price target to $32 from $36. Our revised price target is based on a multiple of 15x (NBTY's average historical forward multiple) our revised calendar 2005 estimate of $2.15.

Valuation

We are lowering our price target to $32 from $36. Our revised price target is based on a multiple of 15x (NBTY's average historical forward multiple) our revised calendar 2005 estimate of $2.15.

Price Target Impediment

Difficulty integrating acquisitions and deteriorating supplement sales could impede achievement of our price target.

Company Description

NBTY, Inc. (Bohemia, New York) is a leading vertically integrated manufacturer, marketer, and retailer of value-priced nutritional supplements in the United States and United Kingdom.

Required Disclosures

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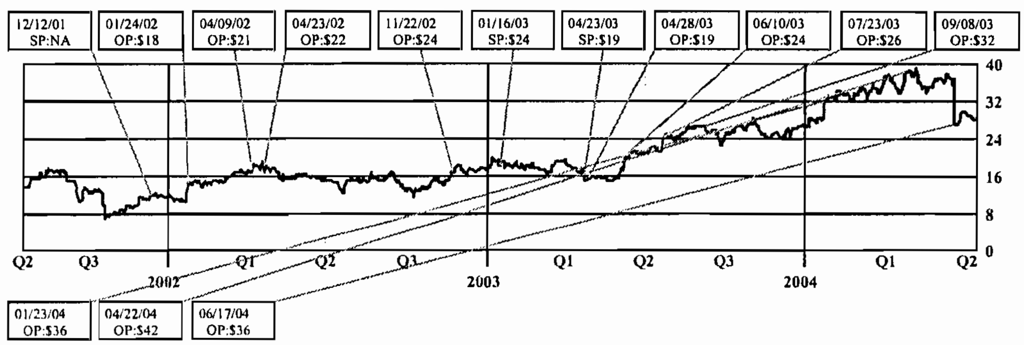
Rating	Count	Percent	Count	Percent
BUY [TP/O]	351	48.48	117	33.33
HOLD [SP]	284	39.23	68	23.94
SELL [U]	89	12.29	5	5.62

Rating and Price Target History for: NBTY, Inc as of 07-12-2004



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NBTY, Inc.
Earnings by Line of Business
(In thousands, except for per-share data)

	2000	2001	2002	Dec-02	Mar-03	Jun-03	Sep-03	2003
Sales:								
Existing Wholesale	140,531	196,832	291,287	74,116	84,850	93,939	90,721	343,626
Rexall	-	-	-	-	-	-	73,000	73,000
Wholesale	140,531	196,832	291,287	74,116	84,850	93,939	163,721	416,626
Direct Response	182,667	172,203	183,312	34,412	52,329	60,910	52,294	199,945
Vitamin World	149,053	174,987	198,603	50,263	53,556	54,423	54,138	212,380
Existing H&B	248,602	262,876	290,880	82,613	87,089	84,202	75,894	329,798
De Tuinen and GNC Europe	-	-	-	-	-	15,000	18,800	33,800
Total Europe	248,602	262,876	290,880	82,613	87,089	99,202	94,694	363,598
Net sales	**$720,854**	**$806,898**	**$964,082**	**$241,404**	**$277,824**	**$308,474**	**$364,847**	**$1,192,549**
Gross profit:								
Wholesale	61,646	76,008	119,000	31,203	34,789	38,515	63,851	166,358
Direct Response	116,449	114,132	112,773	22,402	31,921	37,764	31,272	123,359
Vitamin World	85,191	101,506	116,180	29,756	31,598	32,110	31,730	125,194
Holland & Barrett	144,497	160,114	182,518	51,363	54,838	58,889	55,396	220,486
Gross profit	407,782	451,760	530,470	134,724	153,145	167,278	182,249	637,396
Operating income:								
Wholesale	25,506	27,235	60,197	14,230	17,950	21,630	23,149	76,959
Direct	67,479	67,264	66,273	11,015	13,958	19,771	17,440	62,184
Vit World	(7,722)	(12,736)	(4,975)	(1,654)	1,093	902	(883)	(542)
Total Europe	45,458	59,652	79,421	22,291	23,069	19,182	18,802	83,344
Segment Results	130,715	141,415	200,916	45,882	56,070	61,485	58,508	221,945
Corporate Overhead	(35,907)	(54,321)	(66,624)	(18,362)	(18,877)	(20,509)	(23,885)	(81,633)
Income from operations	94,808	87,094	134,292	27,494	37,193	40,976	34,623	140,312
Interest & Other	14,381	19,412	16,940	2,807	1,500	1,867	5,786	11,960
EBT	80,477	67,682	117,352	24,687	35,693	39,109	28,837	128,352
Income Taxes	20,236	25,815	39,100	8,063	12,136	9,641	7,498	37,337
Net income	60,191	41,867	78,252	16,624	23,557	29,468	21,339	90,989
EPS:								
Wholesale	$0.28	$0.25	$0.60	$0.14	$0.17	$0.24	$0.25	$0.60
Direct	$0.73	$0.61	$0.65	$0.11	$0.13	$0.22	$0.19	$0.64
Vitamin World	($0.08)	($0.12)	($0.05)	($0.02)	$0.01	$0.01	($0.01)	($0.01)
Holland & Barrett	$0.49	$0.54	$0.79	$0.22	$0.22	$0.21	$0.20	$0.86
Segment EPS	$1.41	$1.29	$1.98	$0.45	$0.54	$0.68	$0.63	$2.30
Corporate Overhead	($0.39)	($0.49)	($0.65)	($0.18)	($0.18)	($0.23)	($0.26)	($0.85)
Interest & Other	($0.16)	($0.18)	($0.17)	($0.03)	($0.01)	($0.02)	($0.06)	($0.12)
Total EPS (2,3,4,5,6,7)	$0.87	$0.62	$1.15	$0.24	$0.34	$0.43	$0.31	$1.33
Shares outstanding	69,318	67,896	67,829	68,078	68,323	68,287	68,796	68,371
% Growth								
Wholesale	7.4%	40.1%	48.0%	12.9%	18.0%	17.2%	122.4%	43.0%
Internal growth		28.5%	27.1%	10.6%	18.0%	17.2%	23.2%	17.5%
Direct Response	3.5%	-5.7%	6.5%	5.4%	-6.7%	23.3%	15.7%	9.1%
Internal growth		-9.8%	-7.4%	2.4%	-6.7%	23.3%	15.7%	8.9%
Vitamin World	44.5%	17.4%	13.5%	13.7%	5.3%	6.1%	3.6%	6.9%
same-store sales Vit World	6.6%	0.7%	9.4%	11.0%	4.0%	5.0%	4.0%	5.8%
new store openings (net of closed stores)	124	50	18	5	5	-18	-3	-11
# stores	476	526	544	549	554	536	533	533
Holland & Barrett	12.8%	5.7%	10.7%	13.8%	19.8%	39.4%	27.3%	25.0%
Same-store sales - H&B			7.0%	13.0%	15.0%	18.0%	2.0%	11.9%
New store sales			8,972	570	500	-	500	1,570
Net sales	14.3%	11.9%	19.5%	12.2%	10.4%	22.4%	48.6%	23.7%
EPS	362.4%	-29.0%	87.1%	47.2%	4.8%	41.5%	-13.0%	15.4%
% of sales								
Cost of sales	43.4%	44.0%	45.0%	44.2%	44.9%	45.8%	50.0%	46.6%
Gross margin:								
Wholesale	43.9%	38.6%	40.9%	42.1%	41.0%	41.0%	39.0%	40.4%
Direct Response	63.7%	66.3%	61.5%	65.1%	61.0%	62.0%	59.8%	61.7%
Vitamin World	57.2%	58.0%	58.5%	59.2%	59.0%	59.0%	58.6%	58.9%
Holland & Barrett	58.1%	60.9%	62.7%	62.2%	63.0%	60.0%	58.5%	60.6%
Total	56.6%	56.0%	55.0%	55.8%	55.1%	54.2%	50.0%	53.4%
SG&A:								
Wholesale	25.7%	24.8%	20.2%	22.9%	19.8%	18.0%	24.9%	21.9%
Direct Response	26.8%	27.2%	25.4%	33.1%	34.3%	29.5%	26.5%	30.6%
Vitamin World	62.3%	65.3%	61.0%	62.5%	57.0%	57.3%	60.2%	59.2%
Holland & Barrett	39.8%	38.2%	35.4%	35.2%	36.5%	40.0%	38.6%	37.7%
Operating margin:								
Wholesale	18.1%	13.8%	20.7%	19.2%	21.2%	23.0%	14.1%	18.5%
Direct Response	36.9%	39.1%	36.2%	32.0%	26.7%	32.5%	33.3%	31.1%
Vitamin World	-5.2%	-7.3%	-2.5%	-3.3%	2.0%	1.7%	-1.6%	-0.3%
Total Europe	18.3%	22.7%	27.3%	27.0%	26.5%	19.3%	19.9%	22.9%
Corporate Overhead (% of net sales)	-5.0%	-6.7%	-6.9%	-7.6%	-6.8%	-6.6%	-6.5%	-6.8%
Operating Margin	13.2%	10.8%	13.9%	11.4%	13.4%	13.3%	9.5%	11.8%
Tax rate	25.2%	38.1%	33.3%	32.7%	34.0%	25.0%	26.0%	29.1%

	Dec-03A	Mar-04A	Jun-04E	Sep-04E	2004E	Dec-04E	Mar-05E	Jun-05E	Sep-05E	2005E
Sales:										
Existing Wholesale	104,195	107,425	103,333	97,979	412,932	109,405	112,796	108,500	102,878	433,578
Rexall	75,000	82,000	75,000	78,000	310,000	78,750	86,100	78,750	81,900	325,500
Wholesale	179,195	189,425	178,333	175,979	722,932	188,155	198,896	187,250	184,778	759,078
Direct Response	35,397	70,653	53,601	54,909	214,560	36,813	73,479	55,745	57,105	223,142
Vitamin World	53,411	56,100	53,140	54,278	216,929	56,194	59,428	56,310	57,306	229,238
Existing H&B	97,050	103,416	105,753	87,778	393,997	103,573	110,321	112,798	93,745	420,436
De Tuinen and GNC Europe	20,000	20,000	20,000	20,000	80,000	21,200	21,200	21,200	21,200	84,800
Total Europe	117,050	123,416	125,753	107,778	473,997	124,773	131,521	133,998	114,945	505,236
Net sales	**$385,053**	**$439,594**	**$410,827**	**$392,943**	**$1,628,417**	**$405,935**	**$463,324**	**$433,302**	**$414,134**	**$1,716,695**
Gross profit:										
Wholesale	68,094	73,574	69,550	68,632	279,799	75,262	79,559	76,772	75,759	307,352
Direct Response	21,946	42,968	31,088	32,945	128,947	22,824	44,087	33,447	34,263	134,621
Vitamin World	32,015	33,559	31,353	31,753	128,679	33,155	35,063	33,223	33,811	135,250
Holland & Barrett	70,113	76,296	77,715	63,589	287,713	73,616	77,597	79,059	67,817	298,089
Gross profit	192,168	226,346	209,706	196,919	825,138	204,857	236,306	222,500	211,650	875,313
Operating income:										
Wholesale	30,008	40,999	37,450	31,676	140,133	37,631	46,741	44,004	36,956	165,331
Direct	9,268	23,418	13,936	18,394	65,017	9,939	22,044	17,002	19,130	68,116
Vit World	197	1,193	531	(814)	1,107	-	1,189	845	(287)	1,747
Total Europe	26,299	29,683	28,043	22,633	106,658	27,450	28,277	26,800	24,713	107,240
Segment Results	65,772	95,293	79,960	71,890	312,915	75,020	98,250	88,650	80,512	342,433
Corporate Overhead	(24,112)	(26,563)	(25,882)	(23,577)	(100,134)	(24,762)	(27,799)	(25,565)	(24,020)	(102,146)
Income from operations	41,660	68,730	54,078	48,313	212,781	50,258	70,450	63,085	56,493	240,287
Interest & Other	5,298	6,219	4,524	5,048	21,089	4,701	4,133	3,712	3,512	16,058
EBT	36,362	62,511	49,554	43,265	191,692	45,558	66,318	59,373	52,980	224,226
Income Taxes	12,717	21,254	16,848	14,710	65,530	15,490	22,548	20,187	18,013	76,238
Net income	23,645	41,257	32,706	28,555	126,163	30,068	43,770	39,186	34,967	147,991
EPS:										
Wholesale	$0.26	$0.39	$0.36	$0.30	$1.33	$0.35	$0.44	$0.41	$0.34	$1.54
Direct	$0.09	$0.22	$0.13	$0.17	$0.62	$0.09	$0.21	$0.16	$0.18	$0.64
Vitamin World	$0.00	$0.01	$0.01	($0.01)	$0.01	$0.00	$0.01	$0.01	($0.00)	$0.02
Holland & Barrett	$0.25	$0.28	$0.27	$0.21	$1.01	$0.26	$0.26	$0.25	$0.23	$1.00
Segment EPS	$0.62	$0.91	$0.76	$0.68	$2.97	$0.71	$0.92	$0.83	$0.75	$3.20
Corporate Overhead	($0.23)	($0.25)	($0.25)	($0.22)	($0.95)	($0.23)	($0.26)	($0.24)	($0.22)	($0.95)
Interest & Other	($0.05)	($0.06)	($0.04)	($0.05)	($0.20)	($0.04)	($0.04)	($0.03)	($0.03)	($0.15)
Total EPS (2,3,4,5,6,7)	$0.34	$0.60	$0.47	$0.41	$1.82	$0.43	$0.62	$0.55	$0.49	$2.09
Shares outstanding	68,884	69,098	69,443	69,791	69,304	70,140	70,490	70,843	71,197	70,667
% Growth										
Wholesale	141.8%	123.2%	89.8%	7.5%	73.5%	5.0%	5.0%	5.0%	5.0%	5.0%
Internal growth	40.6%	26.6%	10.8%	8.0%	20.2%	5.0%	5.0%	5.0%	5.0%	5.0%
Direct Response	2.9%	35.0%	-12.0%	5.0%	7.3%	4.0%	4.0%	4.0%	4.0%	4.0%
Internal growth	2.9%	35.0%	-12.0%	5.0%	7.3%	4.0%	4.0%	4.0%	4.0%	4.0%
Vitamin World	6.3%	4.8%	-2.4%	0.3%	2.1%	5.2%	5.9%	6.0%	5.6%	5.7%
same-store sales Vit World	7.0%	4.0%	-3.0%	0.0%	1.9%	2.0%	3.0%	3.0%	3.0%	2.8%
new store openings (net of closed stores)	10	2	10	5	27	5	5	5	5	20
# stores	543	545	555	560	560	565	570	575	580	580
Holland & Barrett	41.7%	41.7%	26.8%	13.8%	30.4%	6.6%	6.6%	6.6%	6.6%	6.6%
Same-store sales - H&B	16.0%	21.0%	25.0%	15.0%	19.4%	6.0%	6.0%	6.0%	6.0%	6.0%
New store sales	500	500	500	500	2,000	700	700	700	700	2,800
Net sales	59.5%	58.2%	33.2%	7.7%	36.5%	5.4%	5.4%	5.5%	5.4%	5.4%
EPS	40.5%	73.2%	9.6%	31.9%	36.8%	24.9%	4.0%	17.4%	20.0%	15.1%
% of sales										
Cost of sales	50.1%	48.5%	49.0%	49.9%	49.3%	49.5%	49.0%	48.6%	48.9%	49.0%
Gross margin:										
Wholesale	38.0%	38.8%	39.0%	39.0%	38.7%	40.0%	40.0%	41.0%	41.0%	40.5%
Direct Response	62.0%	60.8%	58.0%	60.0%	60.1%	62.0%	60.0%	60.0%	60.0%	60.3%
Vitamin World	59.9%	59.8%	59.0%	58.5%	59.3%	59.0%	59.0%	59.0%	59.0%	59.0%
Holland & Barrett	59.9%	61.8%	63.5%	59.0%	60.7%	59.0%	59.0%	59.0%	59.0%	59.0%
Total	49.9%	51.5%	51.0%	50.1%	50.7%	50.5%	51.0%	51.4%	51.1%	51.0%
SG&A:										
Wholesale	21.3%	17.2%	18.0%	21.0%	19.3%	20.0%	16.5%	17.5%	21.0%	18.7%
Direct Response	35.8%	27.7%	32.0%	26.5%	29.8%	35.0%	30.0%	29.5%	26.5%	29.8%
Vitamin World	59.6%	57.7%	58.0%	60.0%	58.8%	59.0%	57.0%	57.5%	59.5%	58.2%
Holland & Barrett	37.4%	37.8%	39.5%	38.0%	38.2%	37.0%	37.5%	39.0%	37.5%	37.8%
Operating margin:										
Wholesale	16.7%	21.6%	21.0%	18.0%	19.4%	20.0%	23.5%	23.5%	20.0%	21.8%
Direct Response	26.2%	33.1%	26.0%	33.5%	30.3%	27.0%	30.0%	30.5%	33.5%	30.5%
Vitamin World	0.4%	2.1%	1.0%	-1.5%	0.5%	0.0%	2.0%	1.5%	-0.5%	0.8%
Total Europe	22.5%	24.1%	22.3%	21.0%	22.5%	22.0%	21.5%	20.0%	21.5%	21.2%
Corporate Overhead (% of net sales)	-6.3%	-6.0%	-6.3%	-6.0%	-6.1%	-6.1%	-6.0%	-5.9%	-5.8%	-6.0%
Operating Margin	10.8%	15.6%	13.2%	12.3%	13.1%	12.4%	15.2%	14.6%	13.6%	14.0%
Tax rate	35.0%	34.0%	34.0%	34.0%	34.2%	34.0%	34.0%	34.0%	34.0%	34.0%

(1) [illegible]
(2) F1-97 excludes non-recurring charges related to litigation settlement costs of $6,368, or $0.03 per share
(3) Q3-96 and Q4-98 exclude $3,169 and $168, respectively, in non-recurring charges for merger expenses (Nutrition Headquarters acquisition)
(4) Q3-96 excludes gain on the sale of a division of $1,600
(5) Q3-99 and Q4-99 results exclude litigation fees of $4,600 and $352, respectively, associated with the Holland & Barret acquisition
(6) 2000-2002 excludes non-recurring gains from settlement of ongoing price-fixing litigation against certain suppliers
(7) Excludes non recurring ephedra charge in 2Q03
(8) Q4 03 excludes $10.6 million pre-tax charges

Source: Company reports and RBC CM estimates

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7/13/2004

EXHIBIT H

9 of 14 DOCUMENTS

US Fed News

July 21, 2004 Wednesday 8:35 AM EST

LENGTH: 644 words

HEADLINE: NBTY AGREES TO PAY $950,000 TO **SETTLE** CLAIMS THAT IT SHIPPED TABLETS USED IN ILLEGAL MANUFACTURING OF METHAMPHETAMINE

BYLINE: US Fed News

DATELINE: BROOKLYN, N.Y.

BODY:

The U.S. Department of Justice's U.S. Attorney's office for the Eastern District of New York issued the following press release:

ROSLYNN R. MAUSKOPF, United States Attorney for the Eastern District of New York, and ANTHONY P. PLACIDO, Special Agent-in-Charge, Drug Enforcement Administration, New York, announced today that **NBTY,** Inc., located in Bohemia, New York, will pay $950,000 to **settle** civil claims brought by the United States under the Controlled Substances Act arising from **NBTY's** failure to give prior notice to the Drug Enforcement Administration of suspicious shipments of pseudoephedrine tablets and failing to obtain identification from customers to whom **NBTY** sold pseudoephedrine tablets.

Pseudoephedrine tablets are legitimately used in small quantities as cold medication. In larger quantities, they are used in the illicit the manufacture of methamphetamine. Pseudoephedrine tablets have been subject to regulation as a listed chemical under the Controlled Substances Act since October 1997. The notification and identification statutes that **NBTY** violated were enacted in order to prevent the use of pseudoephedrine in the illegal manufacture of methamphetamine.

Prior to January 2003, **NBTY** sold pseudoephedrine tablets by mail order to individual customers. On 385 occasions between January 1999 and May 2002, **NBTY** shipped large quantities of pseudoephedrine tablets to customers. The size of these shipments, some in excess of 100,000 tablets, were far larger than the amounts that an individual could use for cold relief. **NBTY** did not give DEA prior notification of these shipments, thereby making it difficult, if not impossible, for DEA to track them. **NBTY** also failed to obtain identification from customers on 8,377 shipments of pseudoephedrine tablets, including the large shipments mentioned above. As a result, DEA does not know the true identity of many of the customers who purchased large quantities of pseudoephedrine tablets from **NBTY,** and has been unable to determine whether many of the tablets shipped were used to manufacture methamphetamine, thereby allowing persons who might be involved in the illegal manufacturing process to escape detection and criminal prosecution.

Notwithstanding **NBTY's** violations of the Controlled Substances Act, at least 14 of **NBTY's** customers have been arrested on criminal charges related to methamphetamine and/or pseudoephedrine in California, Oklahoma, Texas, Arizona, Missouri, Arkansas and Tennessee. Illegal methamphetamine manufacturing laboratories have been found at locations in Arkansas, Colorado and Arizona, to which **NBTY** shipped pseudoephedrine tablets.

"This **settlement** sends a message to companies that manufacture and distribute listed chemicals that the laws and regulations governing the sale of these chemicals will be rigorously enforced to ensure that the chemicals are not diverted for illegal use," stated United States Attorney ROSLYNN R. MAUSKOPF. Ms. MAUSKOPF thanked the National Drug Intelligence Center and state and local law enforcement authorities in Oklahoma, Arkansas, Texas, Missouri, Tennessee and California for their assistance in this case.

DEA Special Agent-in-Charge ANTHONY P. PLACIDO stated, "The significance of this case cannot be overstated. Regulatory control of listed chemicals is essential to stemming the production of illicit drugs, such as methamphetamine. In addition to the several criminal actions associated with this investigation, the results of the civil action announced today serve notice on the companies that manufacture or distribute these chemicals that they must act as responsible citizens or face the consequences."

The government's case was prosecuted by Assistant United States Attorney Elliot M. Schachner.

The Defendant:

NBTY, INC.

90 Orville Drive

Bohemia, New York

Contact: Robert Nardoza, 718/254-6323.

LOAD-DATE: January 25, 2005

EXHIBIT I

NBTY Inc. (ticker: NTY, exchange: New York Stock Exchange (.N)) News Release - 22-Jul-2004

NBTY Reports Third Quarter Results

BOHEMIA, N.Y., July 22 /PRNewswire-FirstCall/ -- NBTY, Inc. (NYSE: NTY) (http://www.NBTY.com), a leading manufacturer and marketer of nutritional supplements, today announced results for the fiscal third quarter ended June 30, 2004.

For the fiscal third quarter ended June 30, 2004, sales increased 30% to $400 million, compared to sales of $308 million for the fiscal third quarter ended June 30, 2003. Net income for the fiscal third quarter was $26 million, or $0.37 per diluted share, compared to net income of $29 million, or $0.43 per diluted share for the fiscal third quarter last year. Net income results for the fiscal third quarter of 2003 reflect a $4 million after-tax benefit to record available foreign tax credits (representing $0.06 per diluted share.)

The product lines purchased in the July 2003 Rexall acquisition recorded sales of $68 million for the fiscal third quarter of 2004. Without such product lines, sales would have increased 8% for this three-month period.

For the first nine months of fiscal 2004, sales increased 48% to $1.2 billion compared to $828 million for the first nine months of fiscal 2003. Net income for the first nine months of 2004 was $91 million, or $1.31 per diluted share, compared with net income of $66 million, or $0.96 per diluted share, for the first nine months of fiscal 2003. Net income results for the first nine months of fiscal 2003 reflect the aforementioned $4 million after- tax benefit to record available foreign tax credits (representing $0.06 per diluted share.)

The product lines purchased in the Rexall acquisition recorded sales of $224 million for the first nine months of fiscal 2004. Without such product lines, sales would have increased 21% for this nine-month period.

During the fiscal third quarter and first nine months of fiscal 2004, the Company repaid $18 million and $116 million, respectively, of principal outstanding under the term loans originally used to acquire Rexall. These payments reduced the principal outstanding under the Company's term loans to $156 million.

OPERATIONS FOR THE FISCAL THIRD QUARTER ENDED JUNE 30, 2004

The US Nutrition wholesale division, which operates Nature's Bounty and Rexall, increased its sales 83% to $172 million from $94 million for the comparable prior period of fiscal 2003.

NBTY has established a dominant presence in the wholesale nutritional supplement marketplace. The Company's utilization of consumer sales information from its Vitamin World retail stores and Puritan's Pride direct- response/e-commerce operations provides mass-market customers with timely and vital data to drive their sales. The Company continues to adjust shelf space allocation between the Nature's Bounty brand and Rexall brands to provide the best overall product mix. These efforts have strengthened US Nutrition's position in the mass market.

The Company is introducing reformulated, repackaged MET-Rx(R) brand products with improved flavors. In addition, the Company re-launched Spider- Man vitamins under the Sundown Kids(TM) brand. Spider-Man is a trademark of Marvel Characters, Inc.

Vitamin World fiscal third quarter sales were $53 million compared to $54 million a year ago, a decrease of 2%. For the fiscal third quarter, Vitamin World operations reported a pre-tax loss of $1 million. However, EBITDA (as defined in non-GAAP financial measures below) was $1 million.

During the fiscal third quarter Vitamin World opened 10 new stores, closed 3 stores and at the end of the

quarter operated 552 stores nationwide. For the fiscal third quarter, same store sales decreased 4%, reflecting vulnerability in this specialty retail market. Same store sales increased 2% for the first nine months of fiscal 2004.

As NBTY introduces more new products directly to the mass market, the specialty retail market's ability to capitalize on market trends and new products is restricted. We expect this trend to continue in the near future.

NBTY's European retail sales for the fiscal third quarter increased 23% to $122 million from $99 million for the fiscal third quarter a year ago. Sales generated by GNC (UK) and DeTuinen were approximately $21 million for the fiscal third quarter. Both retail chains were profitable in the fiscal third quarter. The Company's European retail division opened 3 new stores, closed 3 stores and at the end of the quarter operated 599 stores in the UK, Ireland and the Netherlands.

Holland & Barrett continues to be a leader in the United Kingdom. Same store sales in the UK increased 14% for the fiscal third quarter, reflecting in part the positive effect of the strong British pound. Without the effect of foreign exchange, Holland & Barrett same store sales increased 3%.

Revenues from Puritan's Pride direct response/e-commerce operations for the fiscal third quarter decreased 14% to $53 million from $61 million for the comparable prior period. The decrease in sales for the fiscal third quarter reflects in part a change in the timing of promotional catalog mailings. However, Puritan's Pride revenues for the first nine months of fiscal 2004 increased 7% to $159 million, reflecting more effective target marketing to its customer base.

The on-line portion of Puritan's Pride sales increased 8% for the fiscal third quarter and 35% for the first nine months of fiscal 2004. NBTY remains the leader in the direct response and e-commerce sector and continues to increase the number of products available via its catalog and websites.

The Company settled a previously announced civil complaint arising out of the Company's sales of pseudoephedrine products (now discontinued) for a payment of $950,000, without an admission of any liability. This payment was reserved for in a prior period and did not affect current quarter results.

NBTY Chairman and CEO, Scott Rudolph, said: "We are pleased with NBTY's overall performance, although we are disappointed in the continued decline in Vitamin World sales. We are confident in our ability to quickly adapt to cyclical changes in industry segments which are likely to impact near-term results and remain optimistic for the long-term."

ABOUT NBTY

NBTY is a leading vertically integrated manufacturer and distributor of a broad line of high-quality, value-priced nutritional supplements in the United States and throughout the world. The Company markets approximately 1,500 products under several brands, including Nature's Bounty(R), Vitamin World(R), Puritan's Pride(R), Holland & Barrett(R), Rexall(R), Sundown(R), MET-Rx(R), WORLDWIDE Sport Nutrition(R), American Health(R), GNC (UK)(R) and DeTuinen(R).

This release refers to non-GAAP financial measures, such as EBITDA. "EBITDA" is defined as earnings before interest, taxes, depreciation and amortization. This non-GAAP financial measure is not prepared in accordance with generally accepted accounting principles and may be different from non- GAAP financial measures used by other companies. Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. A reconciliation of the non-GAAP measure to the comparable GAAP measure is included in the attached financial tables. Management believes the presentation of EBITDA is relevant and useful because EBITDA is a measurement industry analysts utilize

when evaluating NBTY's operating performance. Management also believes EBITDA enhances an investor's understanding of NBTY's results of operations because it measures NBTY's operating performance exclusive of interest and non-cash charges for depreciation and amortization. Management also provides this non- GAAP measurement as a way to help investors better understand its core operating performance, enhance comparisons of NBTY's core operating performance from period to period and to allow better comparisons of NBTY's operating performance to that of its competitors.

This release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to our financial condition, results of operations and business. All of these forward-looking statements, which can be identified by the use of terminology such as "subject to," "believe," "expects," "may," "will," "should," "can," or "anticipates," or the negative thereof, or variations thereon, or comparable terminology, or by discussions of strategy which, although believed to be reasonable, are inherently uncertain. Factors which may materially affect such forward-looking statements include: (i) slow or negative growth in the nutritional supplement industry; (ii) interruption of business or negative impact on sales and earnings due to acts of war, terrorism, bio-terrorism, civil unrest or disruption of mail service; (iii) adverse publicity regarding nutritional supplements; (iv) inability to retain customers of companies (or mailing lists) recently acquired; (v) increased competition; (vi) increased costs; (vii) loss or retirement of key members of management; (viii) increases in the cost of borrowings and unavailability of additional debt or equity capital; (ix) unavailability of, or inability to consummate, advantageous acquisitions in the future, including those that may be subject to bankruptcy approval or the inability of NBTY to integrate acquisitions into the mainstream of its business; (x) changes in general worldwide economic and political conditions in the markets in which NBTY may compete from time to time; (xi) the inability of NBTY to gain and/or hold market share of its wholesale and/or retail customers anywhere in the world; (xii) unavailability of electricity in certain geographical areas; (xiii) the inability of NBTY to obtain and/or renew insurance; (xiv) exposure to and expense of defending and resolving, product liability claims and other litigation; (xv) the ability of NBTY to successfully implement its business strategy; (xvi) the inability of NBTY to manage its retail, wholesale, manufacturing and other operations efficiently; (xvii) consumer acceptance of NBTY's products; (xviii) the inability of NBTY to renew leases on its retail locations; (xix) inability of NBTY's retail stores to attain or maintain profitability; (xx) the absence of clinical trials for many of NBTY's products; (xxi) sales and earnings volatility and/or trends; (xxii) the efficacy of NBTY's Internet and on-line sales and marketing; (xxiii) fluctuations in foreign currencies, including the British Pound; (xxiv) import-export controls on sales to foreign countries; (xxv) the inability of NBTY to secure favorable new sites for, and delays in opening, new retail locations; (xxvi) introduction of new federal, state, local or foreign legislation or regulation or adverse determinations by regulators anywhere in the world (including the banning of products) and more particularly the Food Supplements Directive and the Traditional Herbal Medicinal Products Directive in Europe; (xxvii) the mix of NBTY's products and the profit margins thereon; (xxviii) the availability and pricing of raw materials; (xxix) risk factors discussed in NBTY's filings with the U.S. Securities and Exchange Commission; (xxx) adverse effects on NBTY as a result of increased gasoline prices and potentially reduced traffic flow to NBTY's retail locations; and (xxxi) other factors beyond NBTY's control.

Readers are cautioned not to place undue reliance on forward-looking statements. NBTY cannot guarantee future results, trends, events, levels of activity, performance or achievements. NBTY does not undertake and specifically declines any obligation to update, republish or revise forward- looking statements to reflect events or circumstances after the date hereof or to reflect the occurrences of unanticipated events.

NBTY, INC. and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Dollars and shares in thousands, except per share amounts)

For the three months
ended June 30,

	2004	2003
Net sales	$399,913	$308,474
Costs and expenses:		
Cost of sales	197,228	141,196
Catalog printing, postage and promotion	21,651	15,378
Selling, general and administrative	139,905	110,924
	358,784	267,498
Income from operations	41,129	40,976
Other income (expense):		
Interest	(5,569)	(3,890)
Miscellaneous, net	1,096	2,023
	(4,473)	(1,867)
Income before income taxes	36,656	39,109
Provision for income taxes	10,754	9,641
Net income	$25,902	$29,468
Net income per share:		
Basic	$0.39	$0.44
Diluted	$0.37	$0.43
Weighted average common shares outstanding:		
Basic	66,803	66,263
Diluted	69,207	68,287

NBTY, INC. and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Dollars and shares in thousands, except per share amounts)

	For the nine months ended June 30,	
	2004	2003
Net sales	$1,224,559	$827,701
Costs and expenses:		
Cost of sales	603,362	372,555
Discontinued product charge	--	6,000
Catalog printing, postage and promotion	61,109	46,015
Selling, general and administrative	408,569	303,470
	1,073,040	728,040
Income from operations	151,519	99,661
Other income (expense):		
Interest	(19,132)	(11,709)
Miscellaneous, net	3,142	5,536
	(15,990)	(6,173)
Income before income taxes	135,529	93,488

Provision for income taxes	44,725	27,786
Net income	$90,804	$65,702
Net income per share:		
Basic	$1.36	$0.99
Diluted	$1.31	$0.96
Weighted average common shares outstanding:		
Basic	66,724	66,232
Diluted	69,107	68,233

SALES
(Thousands)
(Unaudited)

	THREE MONTHS ENDED JUNE 30,			NINE MONTHS ENDED JUNE 30,		
	2004	2003	% Increase (% Decrease)	2004	2003	% Increase
Wholesale	$171,598	$93,939	83%	$540,217	$252,906	114%
US Retail / Vitamin World	53,452	54,423	-2%	162,963	158,242	3%
European Retail / Holland & Barrett / GNC	122,320	99,202	23%	362,787	268,903	35%
Direct Response / Puritan's Pride	52,543	60,910	-14%	158,592	147,650	7%
Total	$399,913	$308,474	30%	$1,224,559	$827,701	48%

GROSS PROFIT
PERCENTAGES
(Unaudited)

	THREE MONTHS ENDED JUNE 30,			NINE MONTHS ENDED JUNE 30,		
	2004	2003	% Increase (% Decrease)	2004	2003	% Increase (% Decrease)
Wholesale	36%	41%	-5%	38%	41%	-3%
US Retail / Vitamin World	58%	59%	-1%	60%	59%	1%
European Retail / Holland & Barrett / GNC	63%	60%	3%	62%	61%	1%
Direct Response / Puritan's Pride	61%	62%	-1%	61%	62%	-1%

Total (without discontinued product charge)	51%	54%	-3%	51%	55%	-4%
Discontinued product charge	0%	0%	0%	0%	-1%	1%
Total	51%	54%	-3%	51%	54%	-3%

Reconciliation of GAAP Measures to Non-GAAP Measures
(Thousands)
(Unaudited)

THREE MONTHS ENDED JUNE 30, 2004

	Pretax Income (Loss)	Depreciation and amortization	Interest	EBITDA
Wholesale	$26,920	$2,493	$ --	$29,413
US Retail / Vitamin World	(1,147)	2,323		1,176
European Retail / Holland & Barrett / GNC	28,247	3,983		32,230
Direct Response / Puritan's Pride	16,294	1,294		17,588
Segment Results	70,314	10,093		80,407
Corporate	(33,658)	5,497	5,569	(22,592)
Total	$36,656	$15,590	$5,569	$57,815

THREE MONTHS ENDED JUNE 30, 2003

	Pretax Income (Loss)	Depreciation and amortization	Interest	EBITDA
Wholesale	$21,630	$290	$ --	$21,920
US Retail / Vitamin World	902	2,639		3,541
European Retail / Holland & Barrett / GNC	19,182	2,708		21,890
Direct Response / Puritan's Pride	19,771	1,413		21,184
Segment Results	61,485	7,050		68,535
Corporate	(22,376)	3,737	3,890	(14,749)
Total	$39,109	$10,787	$3,890	$53,786

Reconciliation of GAAP Measures to Non-GAAP Measures
(Thousands)
(Unaudited)

NINE MONTHS ENDED JUNE 30, 2004

	Pretax Income (Loss)	Depreciation and amortization	Interest	EBITDA
Wholesale	$97,927	$7,935	$ --	$105,862
US Retail / Vitamin World	243	8,509		8,752
European Retail / Holland & Barrett / GNC	84,229	9,881		94,110
Direct Response / Puritan's Pride	48,980	4,102		53,082
Segment Results	231,379	30,427		261,806
Corporate	(95,850)	16,421	19,132	(60,297)
Total	$135,529	$46,848	$19,132	$201,509

NINE MONTHS ENDED JUNE 30, 2003

	Pretax Income (Loss)	Depreciation and amortization	Interest	EBITDA
Wholesale	$53,784	$741	$ --	$54,525
US Retail / Vitamin World	340	8,576		8,916
European Retail / Holland & Barrett / GNC	64,542	7,247		71,789
Direct Response / Puritan's Pride	44,744	4,350		49,094
Segment Results	163,410	20,914		184,324
Corporate	(69,922)	11,625	11,709	(46,588)
Total	$93,488	$32,539	$11,709	$137,736

NBTY, INC. and SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

ASSETS

(Dollars and shares in thousands)

	June 30, 2004	September 30, 2003
Current assets:		
Cash and cash equivalents	$50,185	$49,349
Investments in bonds	--	4,158
Accounts receivable, less allowance for doubtful accounts of $7,560 at June 30, 2004 and $7,100 at September 30, 2003	87,367	80,829
Inventories	353,381	314,091
Deferred income taxes	37,021	37,021
Prepaid expenses and other current assets	51,715	44,736
Total current assets	579,669	530,184
Property, plant and equipment, net	283,612	298,344
Goodwill	217,287	213,362
Intangible assets, net	138,968	137,469
Other assets	15,816	16,423
Total assets	$1,235,352	$1,195,782

NBTY, INC. and SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

LIABILITIES AND STOCKHOLDERS' EQUITY

(Dollars and shares in thousands)

	June 30, 2004	September 30, 2003
Current liabilities:		
Current portion of long-term debt and capital lease obligations	$3,247	$12,841
Accounts payable	96,965	87,039
Accrued expenses and other current liabilities	149,768	116,029
Total current liabilities	249,980	215,909
Long-term debt	307,112	413,989
Deferred income taxes	53,609	40,213
Other liabilities	6,188	10,872
Total liabilities	616,889	680,983

Commitments and contingencies

Stockholders' equity:
Common stock, $0.008 par; authorized

175,000 shares; issued and outstanding 66,870 shares at June 30, 2004 and 66,620 shares at September 30, 2003	535	533
Capital in excess of par	134,023	130,208
Retained earnings	460,257	369,453
	594,815	500,194
Accumulated other comprehensive income	23,648	14,605
Total stockholders' equity	618,463	514,799
Total liabilities and stockholders' equity	$1,235,352	$1,195,782

NBTY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Dollars in thousands)	For the nine months ended June 30,	
Cash flows from operating activities:	2004	2003
Net income	$90,804	$65,702
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss/(gain) on disposal/sale of property, plant and equipment	496	(843)
Depreciation and amortization	46,848	32,539
Foreign currency transaction gain	(679)	(970)
Amortization of deferred financing costs	2,337	591
Amortization of bond discount	93	93
Allowance for doubtful accounts	460	43
Compensation expense for ESOP	4,176	1,283
Tax benefit from exercise of stock options	537	113
Deferred income taxes	--	(1,000)
Discontinued product charge	--	6,000
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	(6,651)	(12,998)
Inventories	(35,536)	(13,323)
Prepaid expenses and other current assets	7,135	(17,201)
Other assets	1,377	(1,209)
Accounts payable	6,372	5,743
Accrued expenses and other liabilities	19,638	15,013
Net cash provided by operating activities	137,407	79,576
Cash flows from investing activities:		
Purchase of property, plant and equipment	(32,087)	(24,852)
Proceeds from sale of property, plant, and equipment	1,092	1,454
Proceeds from sale of investment in bonds	4,158	--
Cash paid for acquisitions, net of cash acquired	--	(32,049)
Release of cash held in escrow	--	2,403
Net cash used in investing activities	(26,837)	(53,044)
Cash flows from financing activities:		
Principal payments under long-term debt agreements and capital leases	(116,563)	(17,510)

Payments for debt issuance costs	(500)	--
Proceeds from stock options exercised	807	176
Net cash used in financing activities	(116,256)	(17,334)
Effect of exchange rate changes on cash and cash equivalents	6,522	3,032
Net increase in cash and cash equivalents	836	12,230
Cash and cash equivalents at beginning of period	49,349	26,229
Cash and cash equivalents at end of period	$50,185	$38,459
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$13,592	$8,656
Cash paid during the period for income taxes	$22,356	$21,035

SOURCE NBTY, Inc.
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